

The Financial Services Sector: Boom and Recession

Many analysts have argued that a housing boom preceded the recent financial crisis and economic slowdown. Innovations in mortgage finance likely contributed, generating outsized profits for financial firms. The housing boom created desirable jobs in mortgage and financial services, and insurance firms. Focusing only on hourly production workers, the sector's average hourly earnings in 2008 of \$20.27 were above the \$17.77 average for all private service-producing workers. Overall, however, the size of the financial services and insurance sector is modest. In 2008, financial services and insurance comprised approximately 7½ percent of aggregate national gross domestic product (GDP) and 4½ percent of employment.

The fluctuations in home construction (and prices) have been widely discussed, but swings in the financial services sector also are important elements of economic activity within U.S. states. Mortgage origination and securitization generate significant employment and earnings. During the housing boom, such sector activities contributed greatly to economic growth, albeit unevenly across states; the largest beneficiaries were states with large mortgage originations and extensive securitization activity. For the boom period 2002-06, the Bureau of Economic Analysis (BEA) identified Arizona, California, Florida, and Nevada as the states "most affected" by housing-related industries.¹

The shrinking financial services sector has played a prominent role in the economic slowdown. The BEA reports that in most states and regions the largest sectors contributing (algebraically) to the 2007-08 slowdown are those tied to the housing expansion: construction and finance and insurance. Such slowdowns contributed to slower state-level growth in 38 states. Among all industries, these accounted for the largest contribution in six states. At a broader level, in 2008 economic activity (measured by real GDP) decelerated in all eight BEA economic regions, led by these sectors. Not surprisingly, the most-affected BEA regions are the Southeast and the Far West.

The table reports the magnitude of the swings in selected states and BEA regions. North Carolina experienced the most rapid growth in GDP originating in financial services during the expansion, likely due to activity at large banks in Charlotte. New York's swing in growth likely was related to securitization. Recently North Carolina, New York, California, and Arizona have had sharp contractions, resulting from the rapid slowing of mortgage originations. The swings in Michigan and Ohio perhaps were related to pre-2007 increased subprime lending and mortgage refinancing.

Every economic expansion and contraction may be decomposed (arithmetically) into changes in individual business sectors. Too much must not be made of such exercises. Yet, the fluctuations in the financial services and insurance sectors add additional perspective to the recent housing bubble and financial crisis.

—Richard G. Anderson

¹ See Coakley, Catilin E.; Reed, Daniel A. and Taylor, Shane T. "Gross Domestic Product by State: Advance Statistics for 2008 and Revised Statistics for 2005-2007." *Survey of Current Business*, June 2009, Page 64, Table A.

Financial Services Industry by Region/State

Region/state	Growth 2002-06 (% annual rate)	Growth 2006-08 (% annual rate)	Region/state share of national GDP that originates in financial services (2006) (%)
BEA region			
New England	3.93	2.68	7.51
Mideast	7.33	2.00	27.47
Great Lakes	6.03	-0.77	14.20
Plains	5.49	1.58	6.55
Southeast	7.65	-2.08	18.59
Southwest	6.59	1.93	8.44
Rocky Mountain	5.52	3.16	2.59
Far West	6.44	-2.99	14.65
State			
New York	8.86	3.46	16.49
California	6.48	-4.46	11.11
Florida	7.90	-2.19	4.67
North Carolina	11.82	-7.43	4.39
Nevada	7.99	6.55	0.83
Ohio	6.57	-2.17	3.42
Michigan	5.85	-5.22	2.42
Arizona	9.07	-5.36	1.86

Contents

Page

3	Economy at a Glance
4	Output and Growth
7	Interest Rates
8	Inflation and Prices
10	Labor Markets
12	Consumer Spending
14	Investment Spending
16	Government Revenues, Spending, and Debt
18	International Trade
20	Productivity and Profits
22	Quick Reference Tables
27	Notes and Sources

Conventions used in this publication:

1. Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.
2. *Percent change* refers to simple percent changes. *Percent change from year ago* refers to the percent change from the same month or quarter during the previous year. *Compounded annual rate of change* shows what the growth rate would be over an entire year if the same simple percent change continued for four quarters or twelve months. The compounded annual rate of change of x between the previous quarter $t-1$ and the current quarter t is: $[(x_t/x_{t-1})^4 - 1] \times 100$. For monthly data replace 4 with 12.
3. All data with significant seasonal patterns are adjusted accordingly, unless labeled NSA.

We welcome your comments addressed to:

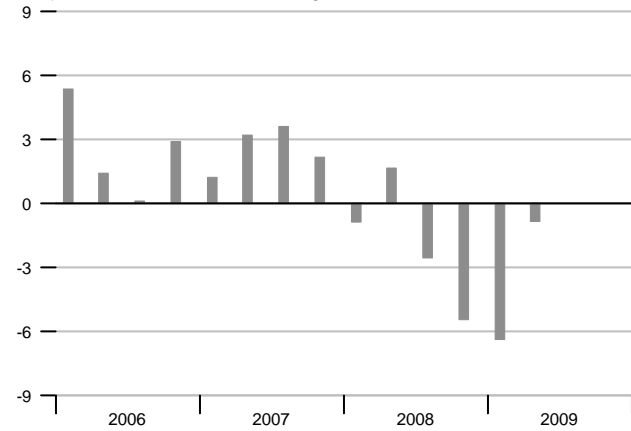
Editor, *National Economic Trends*
Research Division
Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, MO 63166-0442

or to:

stlsFRED@stls.frb.org

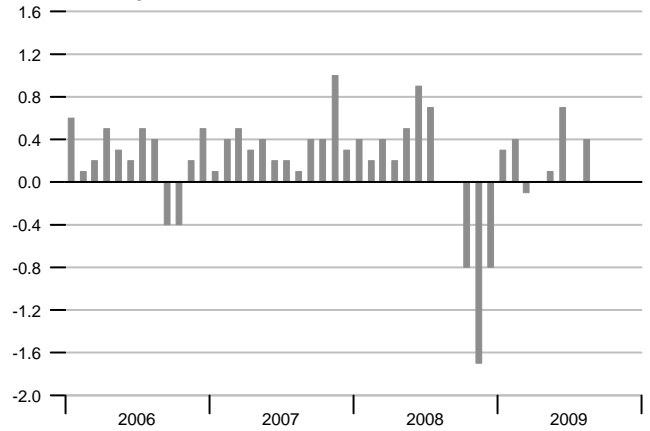
Real GDP Growth

Compounded annual rates of change



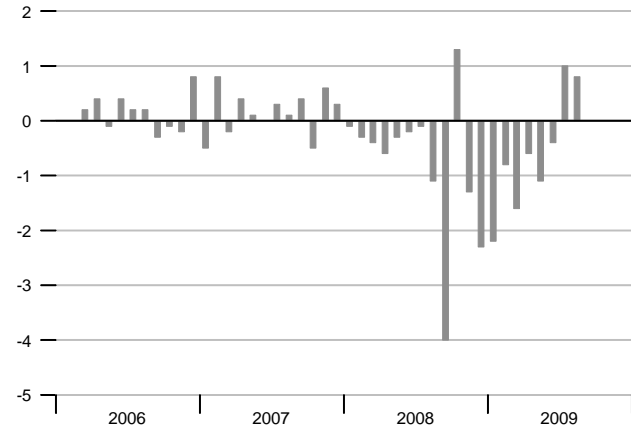
Consumer Price Index

Percent change



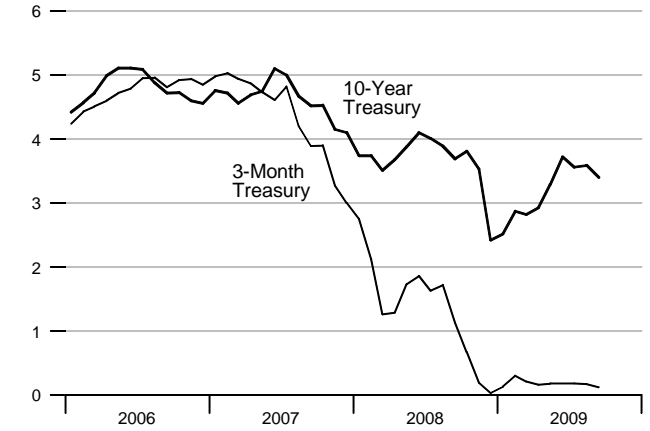
Industrial Production

Percent change



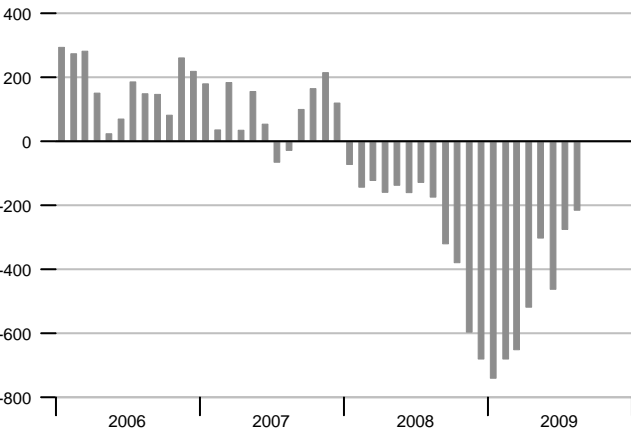
Interest Rates

Percent



Change in Nonfarm Payrolls

Thousands



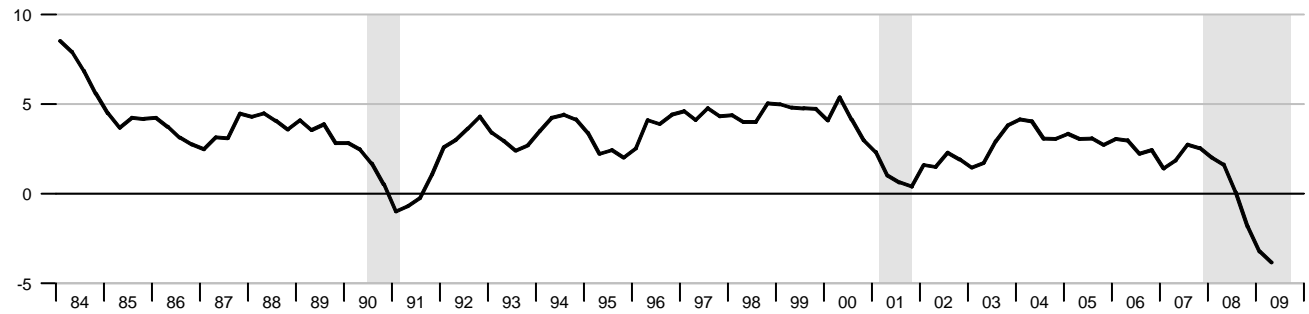
Unemployment Rate

Percent of labor force



Real Gross Domestic Product

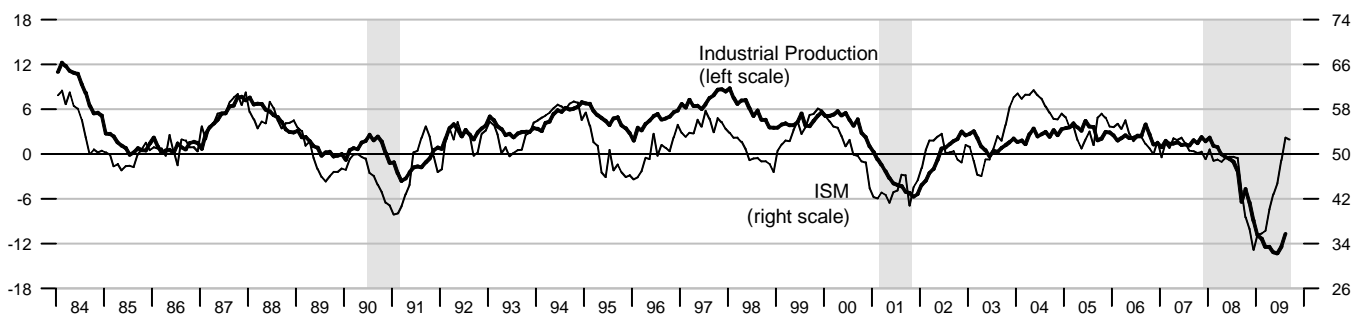
Percent change from year ago



Industrial Production and Institute for Supply Management (ISM) Indexes

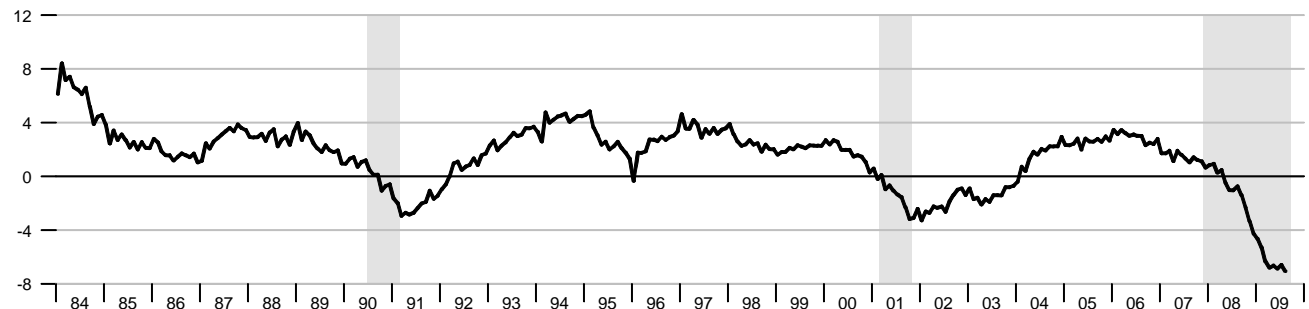
Percent change from year ago

Index



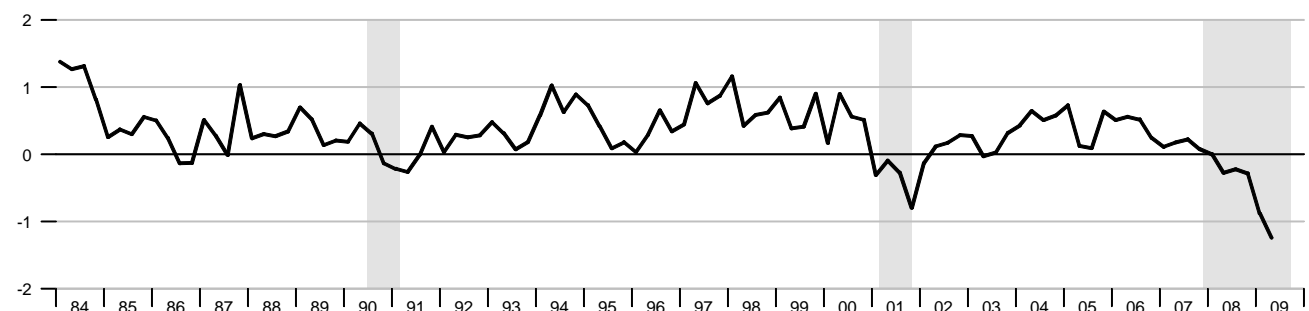
Aggregate Private Nonfarm Hours

Percent change from year ago

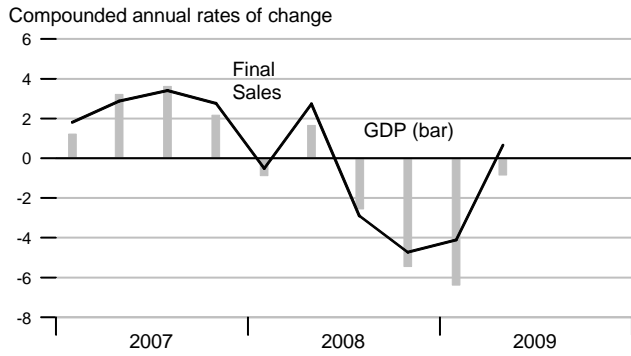


Real Change in Private Inventories

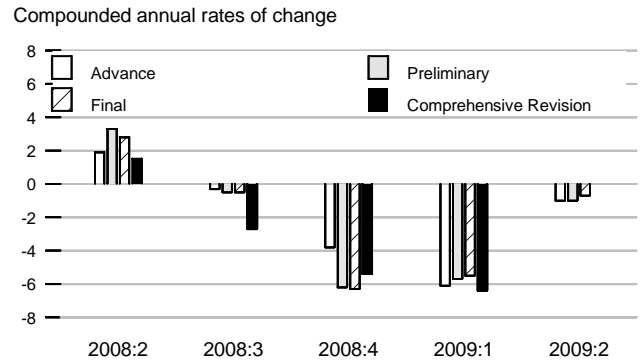
Percent of GDP



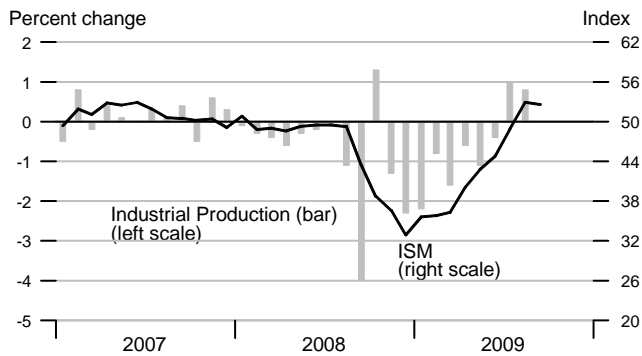
Real Final Sales and GDP



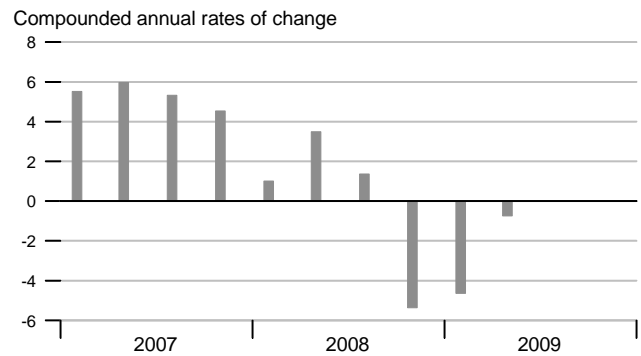
Real GDP Revisions



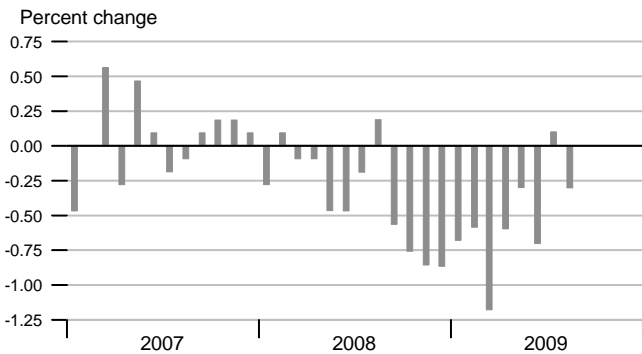
Industrial Production and ISM Index



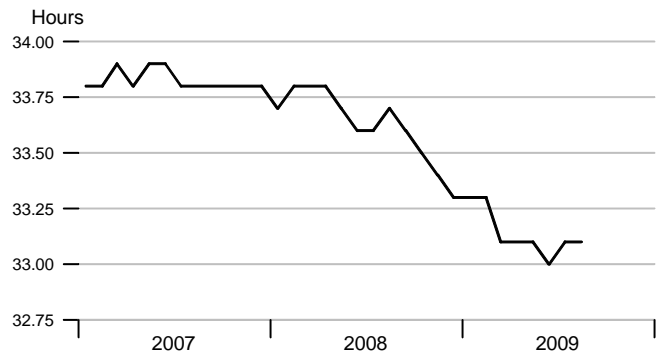
Nominal Gross Domestic Product



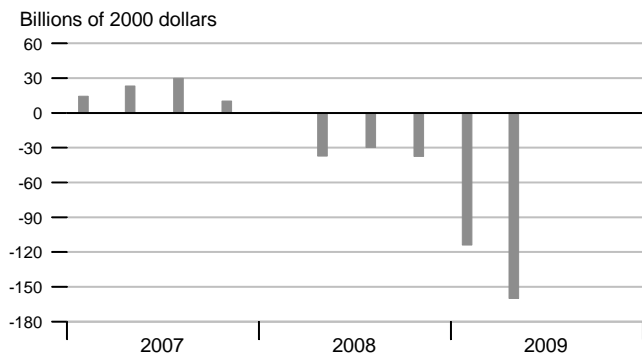
Aggregate Private Nonfarm Hours



Average Weekly Private Nonfarm Hours



Real Change in Private Inventories

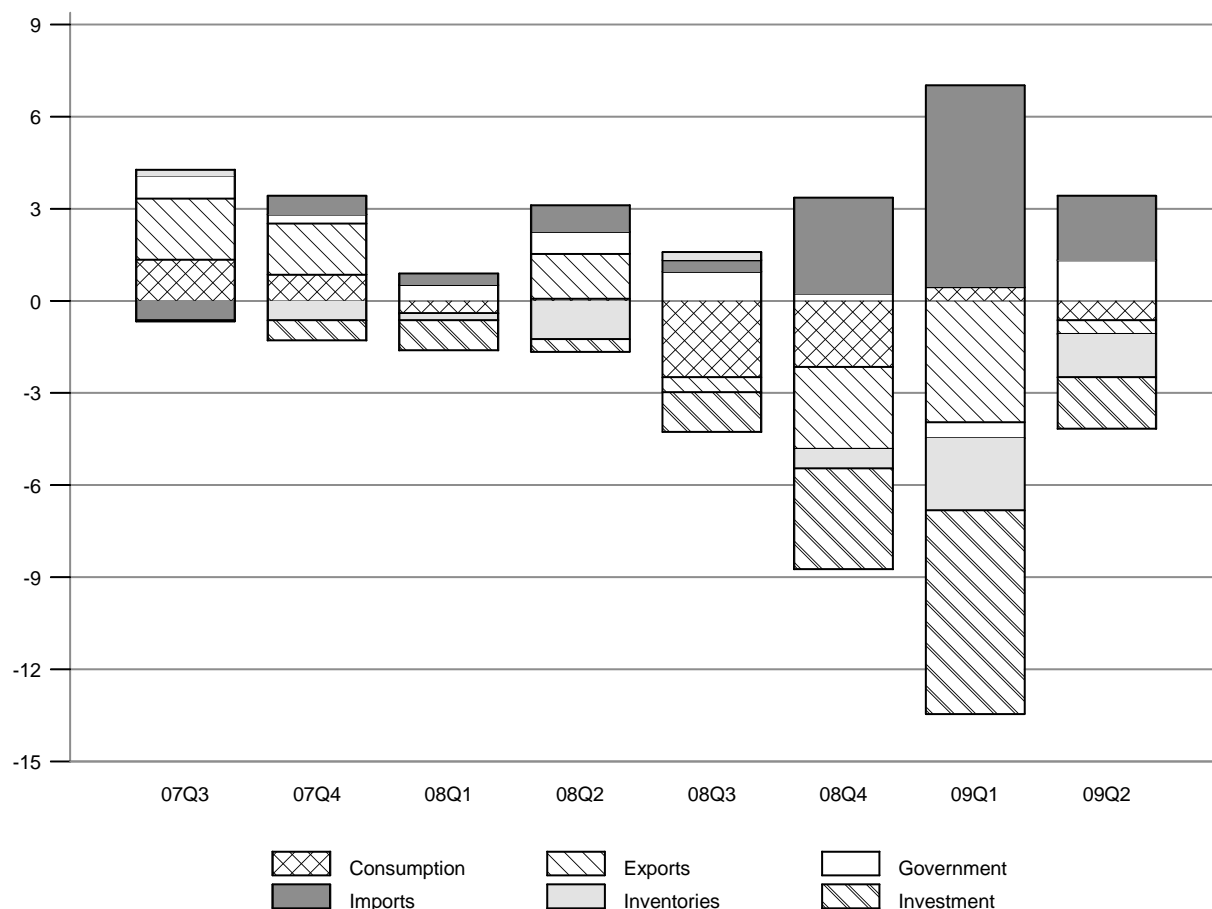


Inventory-Sales Ratio



Contribution of Components to Real GDP Growth

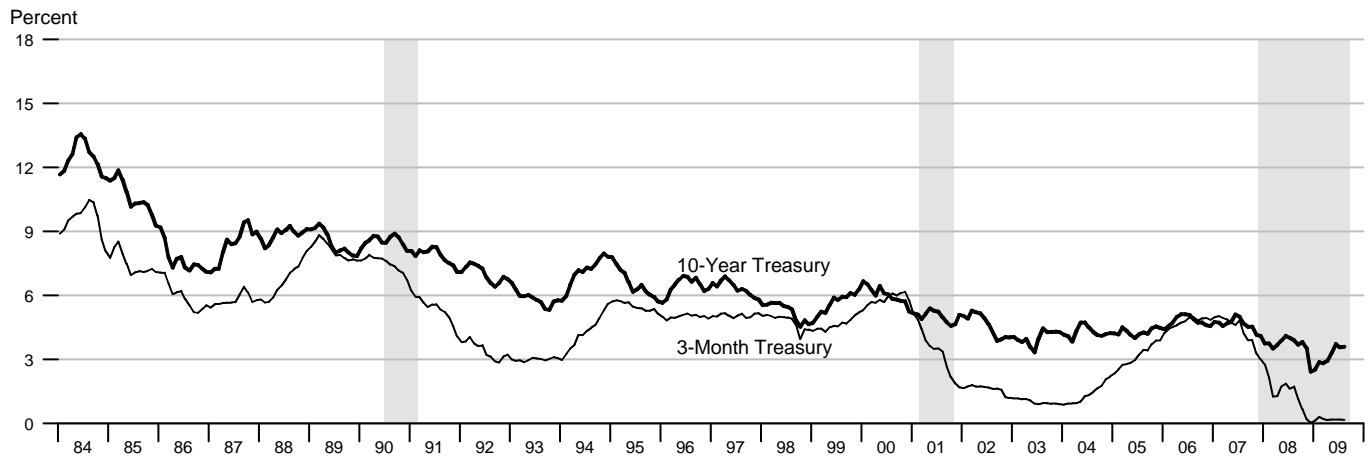
Percentage points at compounded annual rates



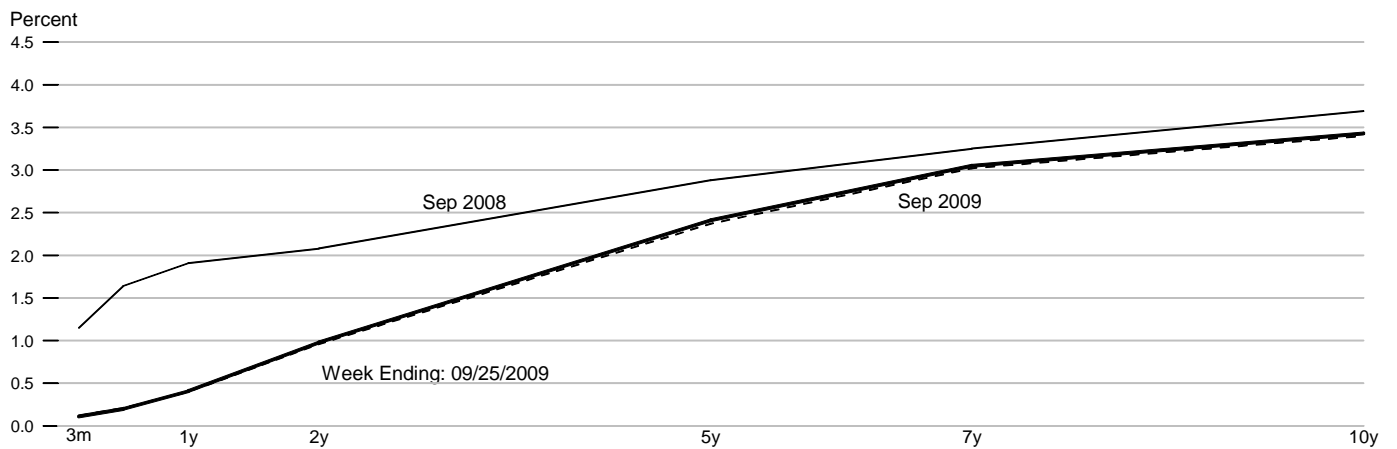
Contributions to Real GDP Growth Rate

	2007		2008				2009	
	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Final Sales	3.40	2.75	-0.51	2.71	-2.94	-4.73	-4.07	0.68
Consumption	1.35	0.86	-0.39	0.06	-2.49	-2.15	0.44	-0.62
Fixed Investment	-0.04	-0.66	-0.99	-0.41	-1.30	-3.28	-6.62	-1.68
Nonresidential	1.10	0.78	0.25	0.19	-0.73	-2.47	-5.29	-1.01
Residential	-1.14	-1.44	-1.24	-0.60	-0.57	-0.81	-1.33	-0.67
Government	0.75	0.31	0.51	0.71	0.95	0.24	-0.52	1.33
Federal	0.63	0.19	0.56	0.55	0.93	0.49	-0.33	0.85
State and Local	0.11	0.12	-0.05	0.15	0.01	-0.25	-0.19	0.48
Net Exports	1.36	2.24	0.36	2.35	-0.10	0.45	2.64	1.65
Exports	1.99	1.65	-0.02	1.47	-0.48	-2.67	-3.95	-0.45
Imports	-0.63	0.60	0.38	0.88	0.38	3.12	6.58	2.09
Change in Inventory	0.19	-0.63	-0.21	-1.25	0.26	-0.64	-2.36	-1.42
Residual	-0.01	-0.01	0.12	0.06	0.07	-0.22	0.02	0.02
Real GDP Growth	3.59	2.12	-0.72	1.46	-2.68	-5.37	-6.43	-0.74

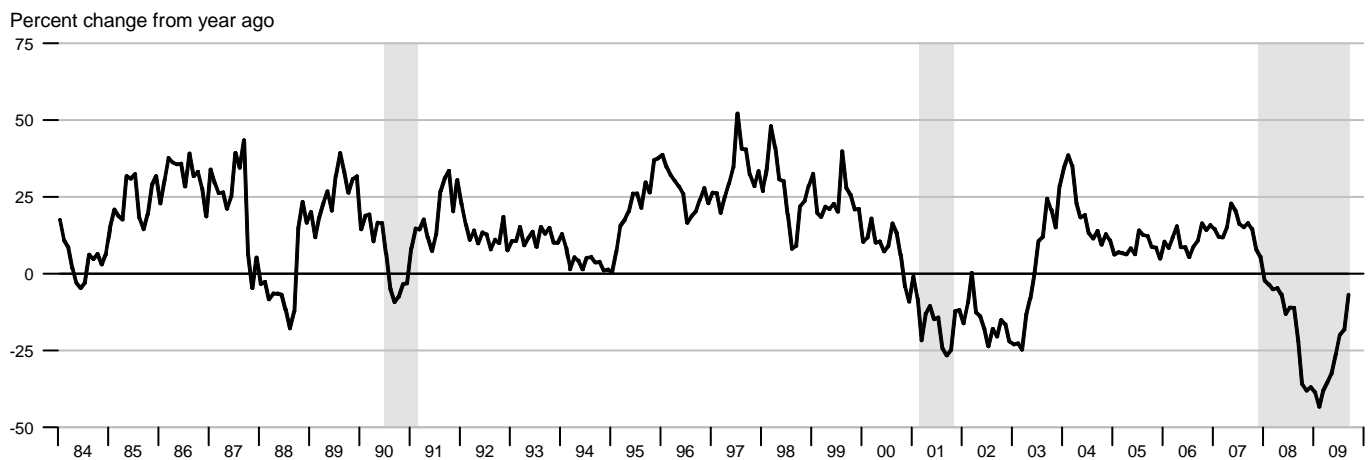
Interest Rates



Treasury Yield Curve

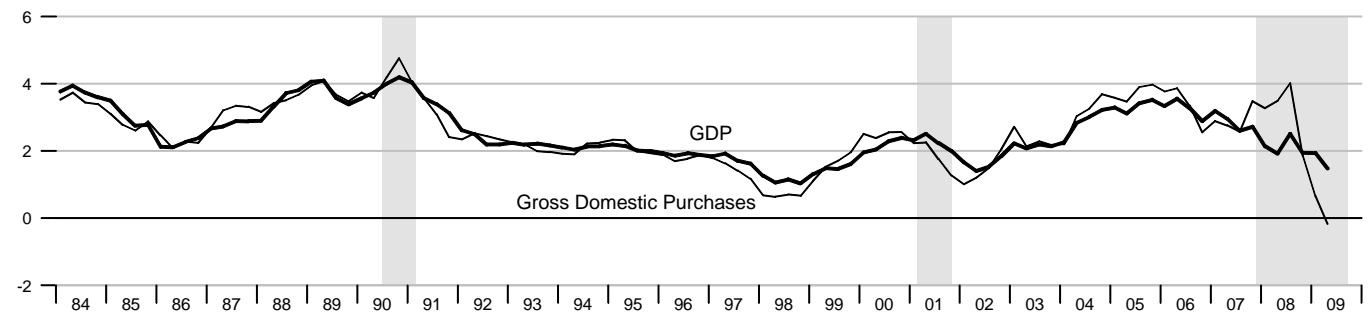


Standard and Poor's 500 Index with Reinvested Dividends



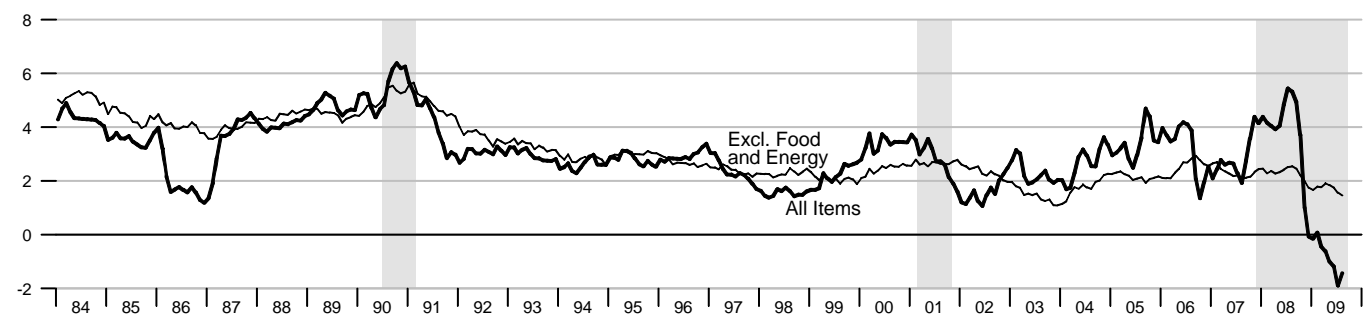
NIPA Chain Price Indexes

Percent change from year ago



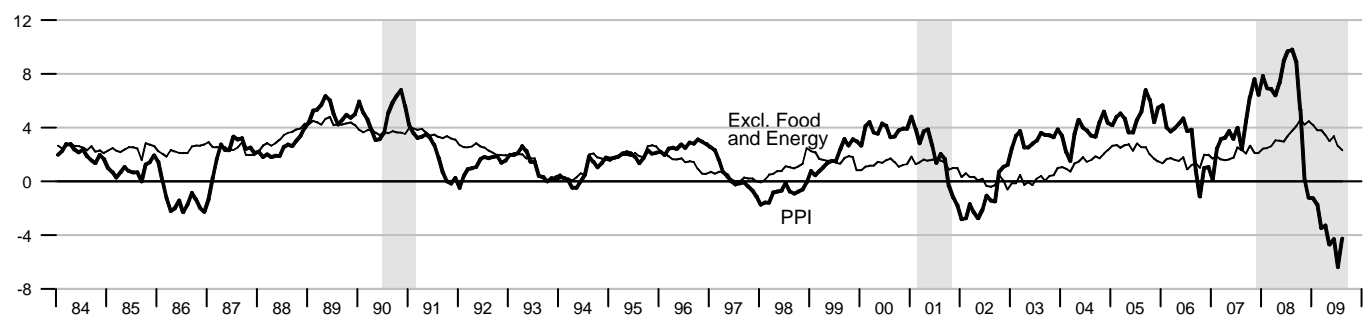
Consumer Price Index

Percent change from year ago



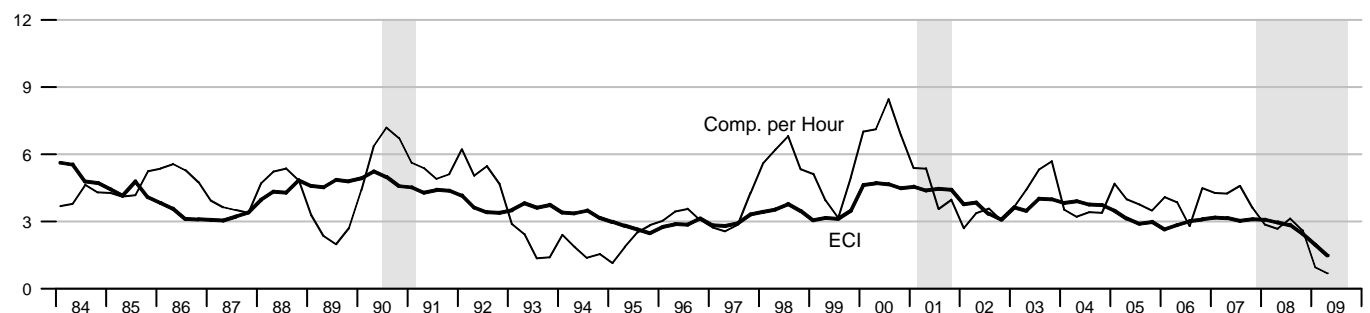
Producer Price Index, Finished Goods

Percent change from year ago

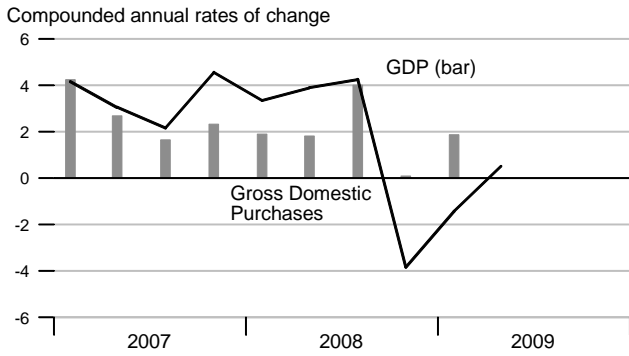


Employment Cost Index and Compensation per Hour

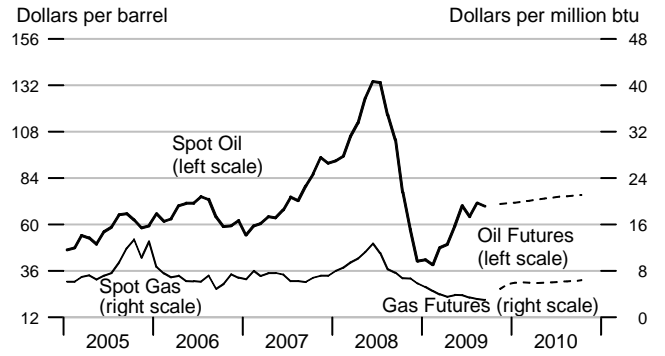
Percent change from year ago



NIPA Chain Price Indexes

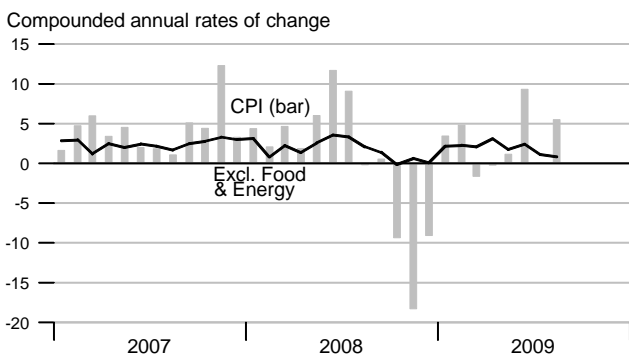


Oil & Natural Gas Prices: Spot & Futures

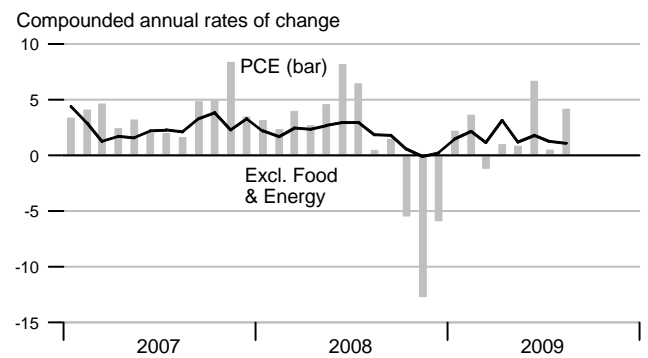


Note: Futures prices as of 9/30/2009.

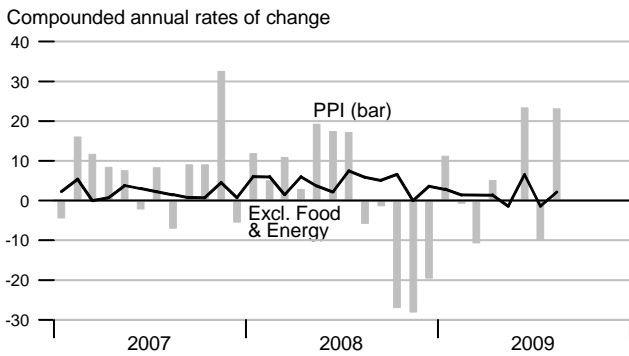
Consumer Price Index



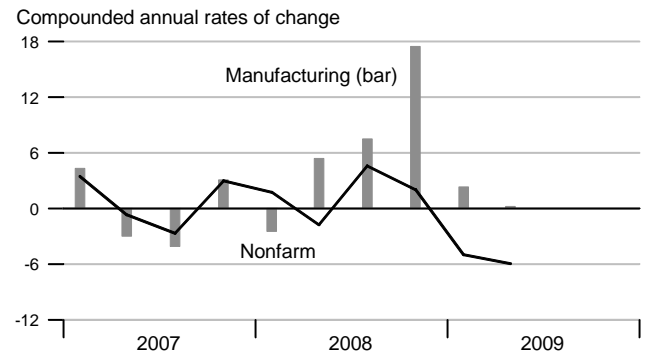
Consumption Chain Price Index



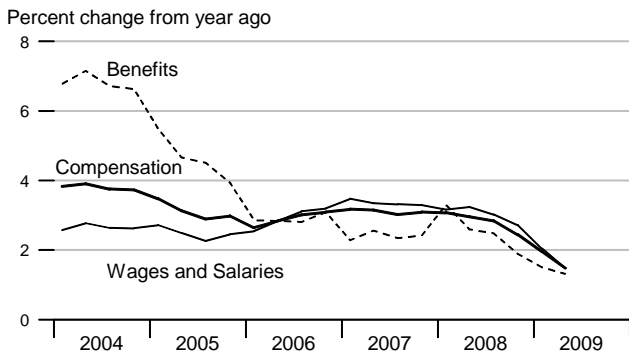
Producer Price Index, Finished Goods



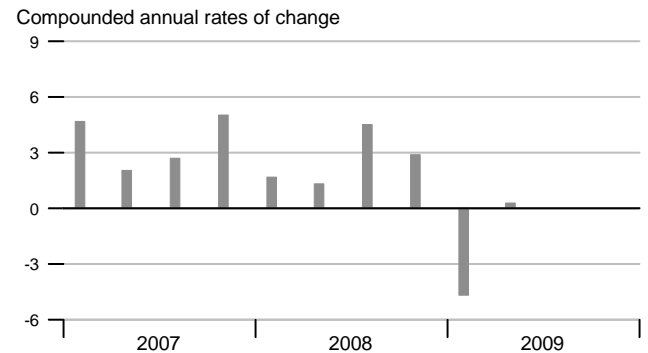
Unit Labor Cost



Employment Cost Index

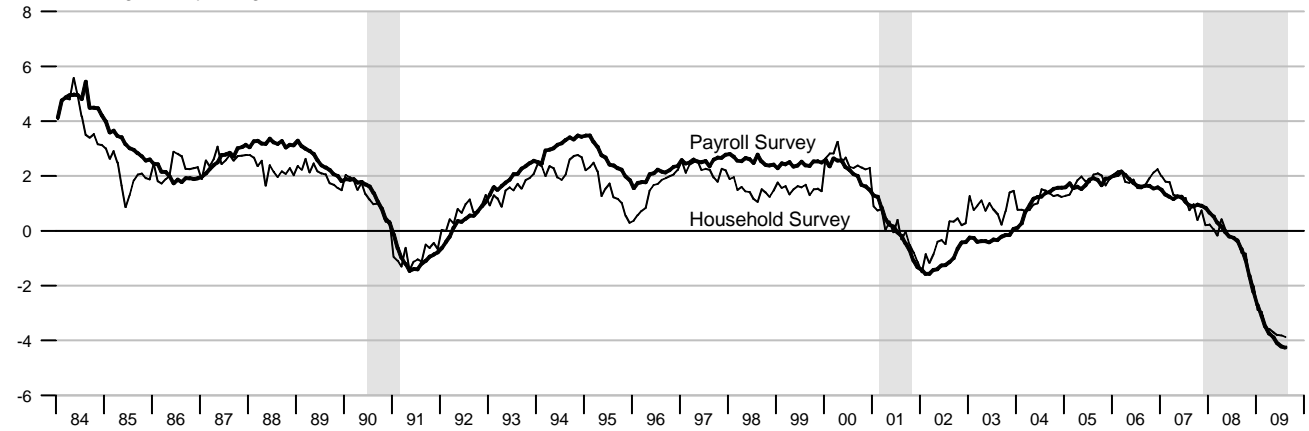


Compensation per Hour



Employment

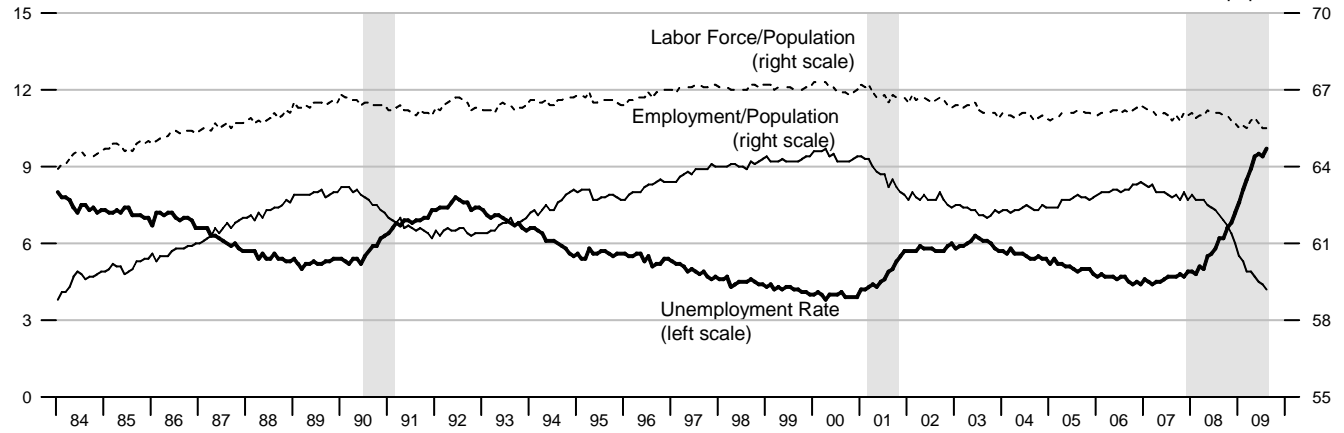
Percent change from year ago



Unemployment, Labor Force Participation, and Employment Rates

Percent of labor force

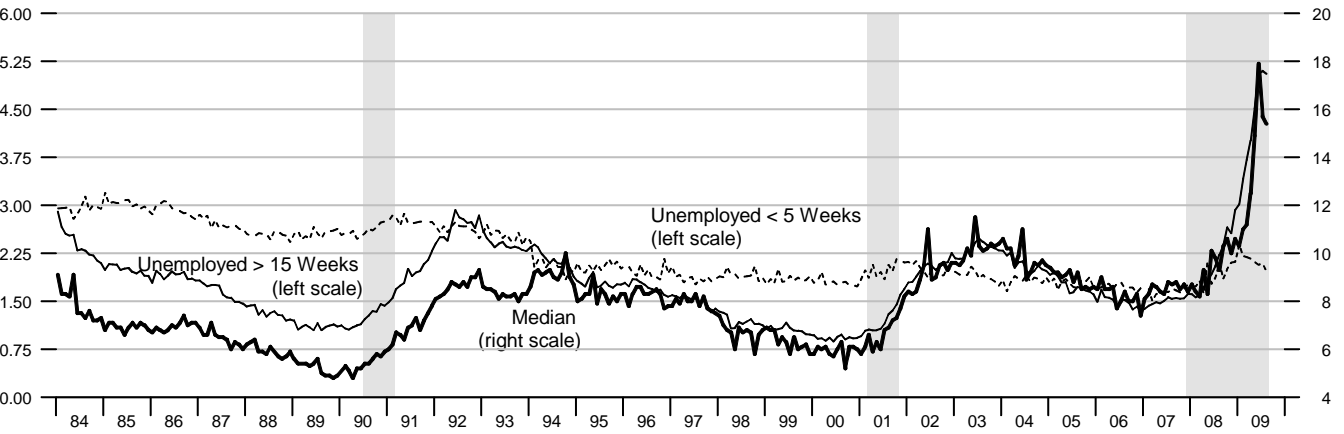
Percent of population



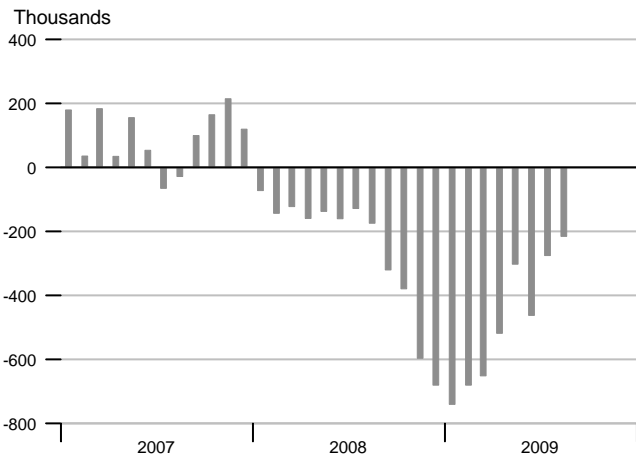
Duration of Unemployment

Percent of labor force

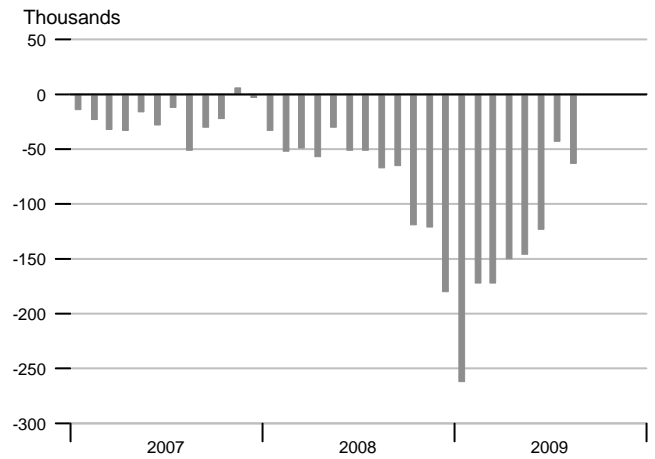
Weeks



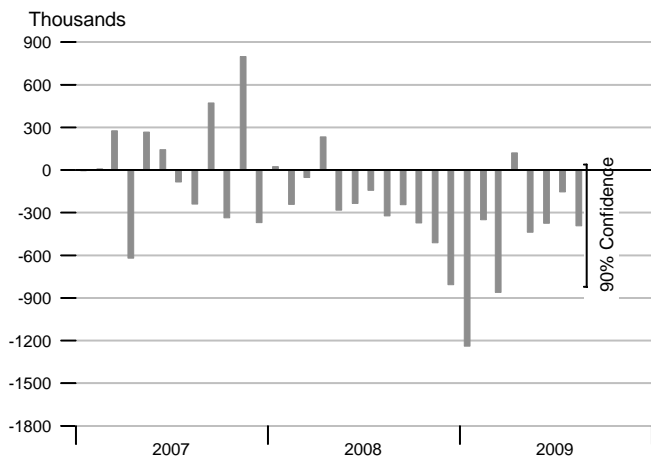
Change in Nonfarm Payrolls



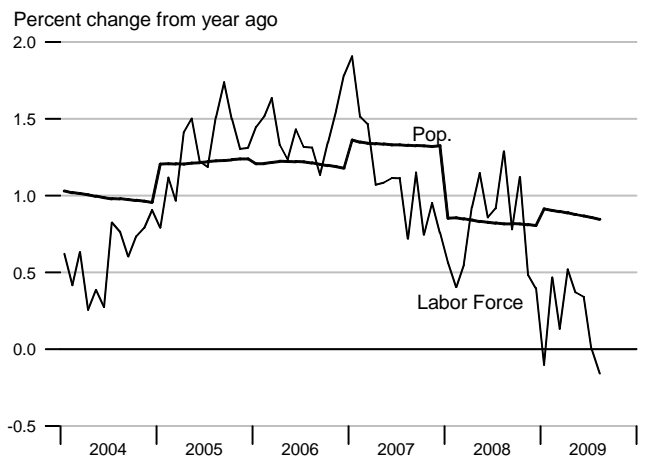
Change in Manufacturing Payrolls



Change in Household Employment



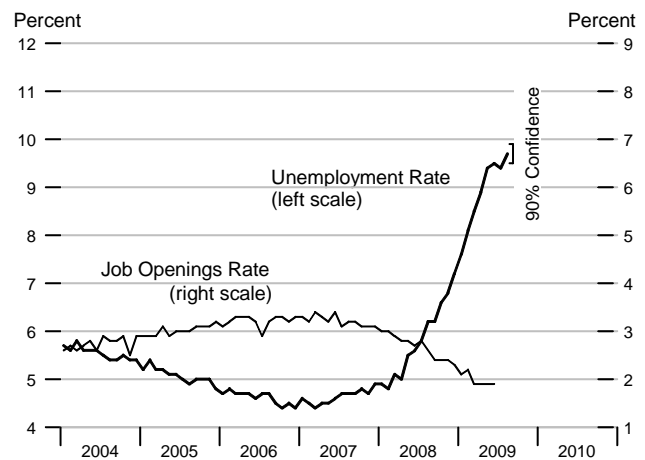
Labor Force and Population



Available Labor Supply and Components

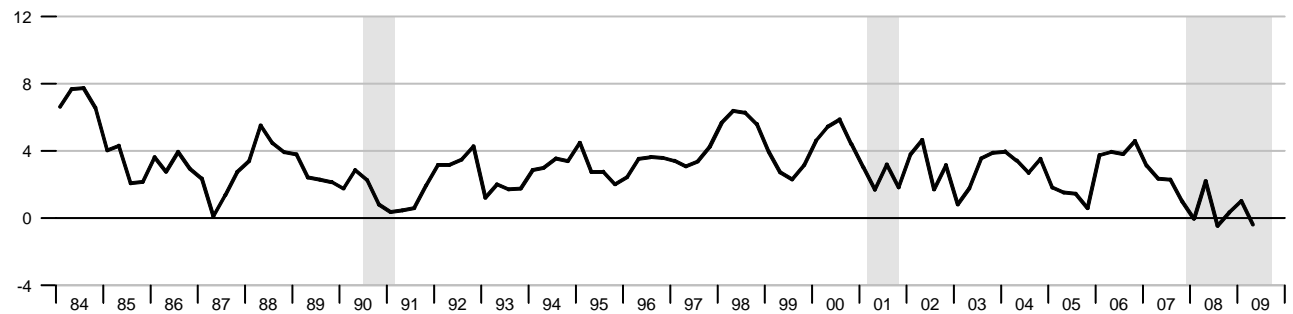


Unemployment Rate & Job Openings Rate



Real Disposable Personal Income

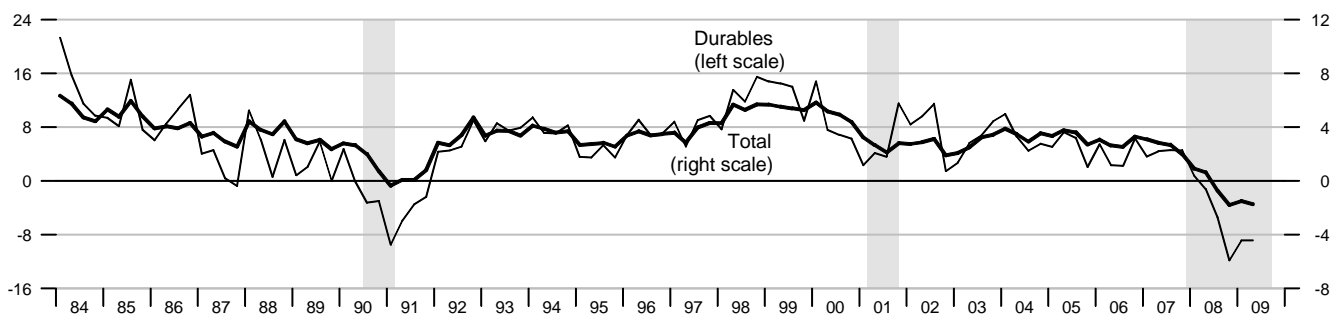
Percent change from year ago, quarterly data



Real Consumption

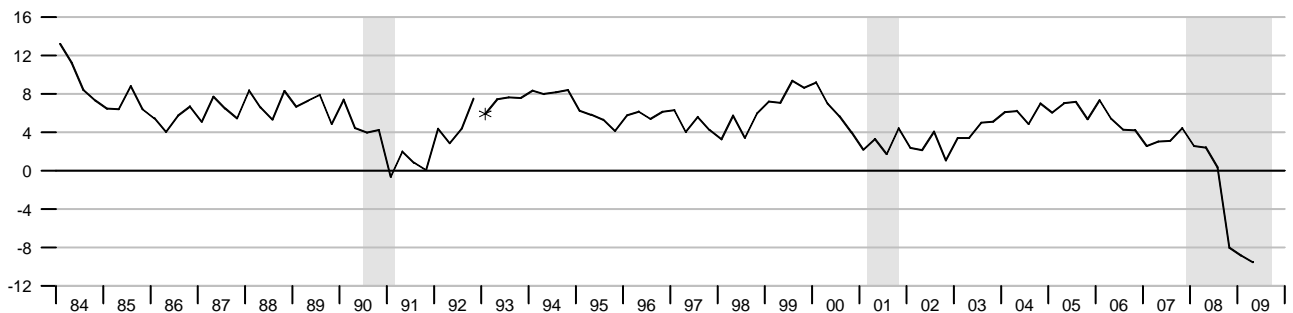
Percent change from year ago, quarterly data

Percent change from year ago, quarterly data



Retail and Food Services Sales

Percent change from year ago, quarterly average

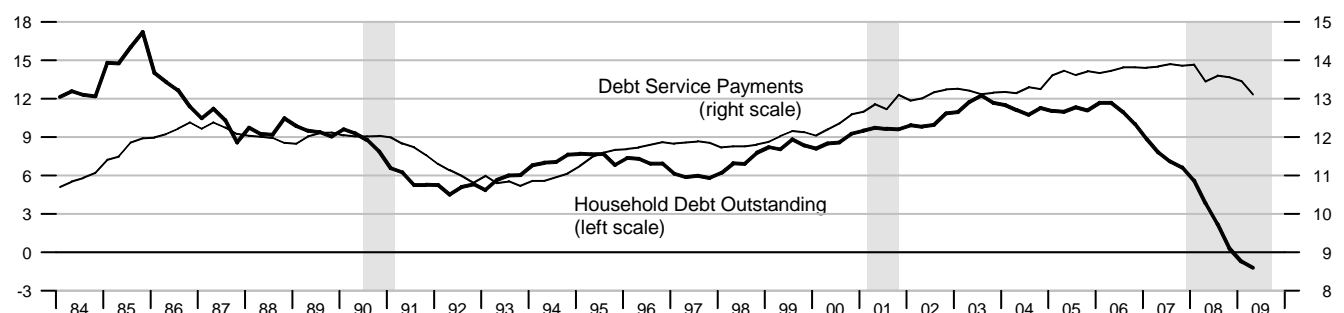


*Data from Jan. 1992 to the present are on a NAICS basis; data prior to Jan. 1992 are on an SIC basis and are not strictly comparable (see End Note).

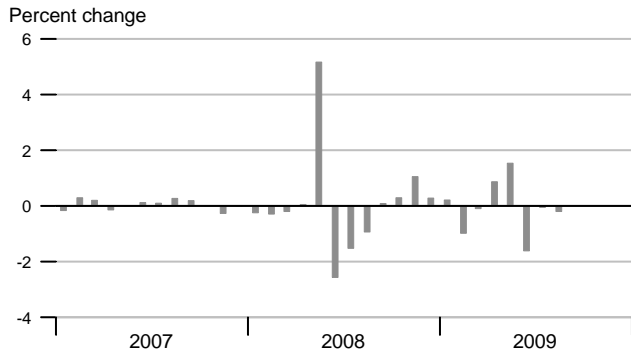
Debt Service Payments and Household Debt Outstanding

Percent change from year ago, quarterly data

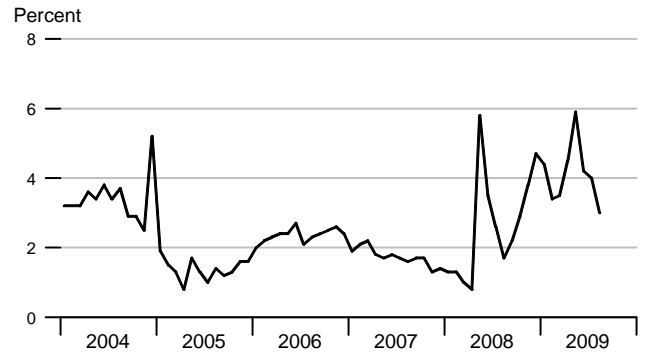
Percent of disposable personal income



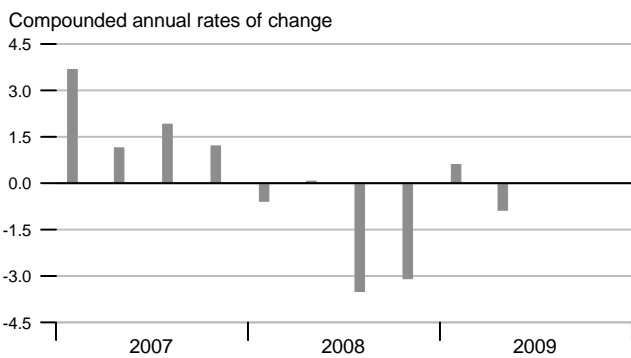
Real Disposable Personal Income



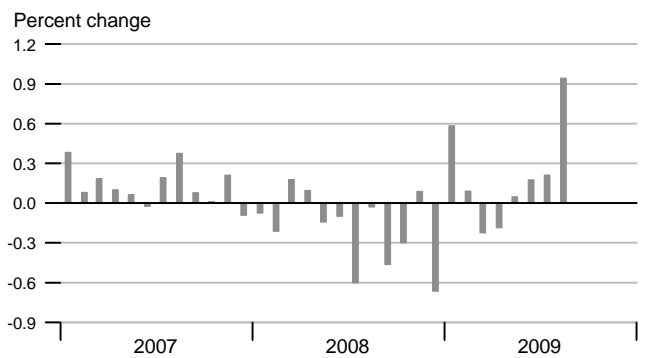
Personal Saving Rate



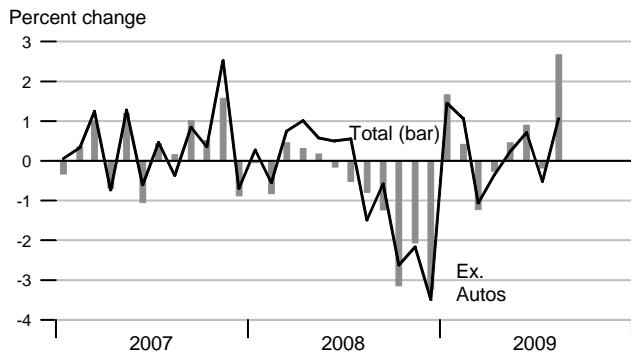
Real Consumption



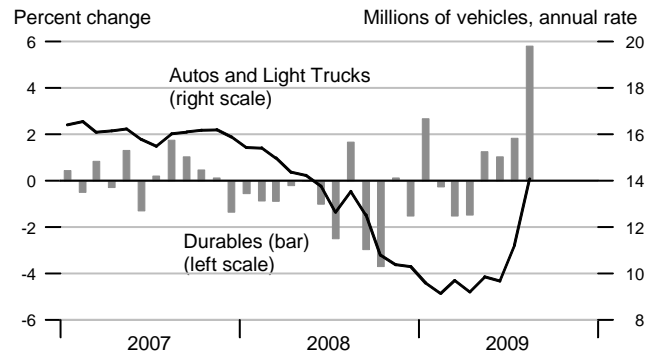
Real Consumption



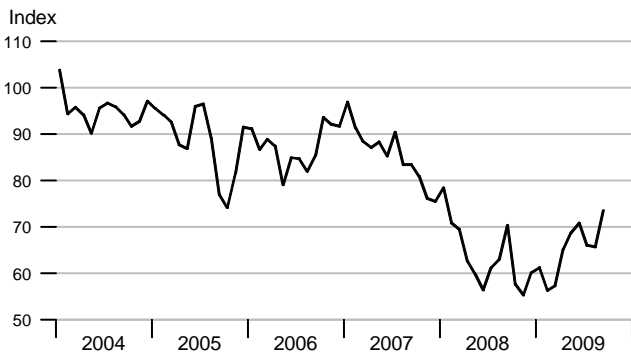
Retail & Food Services



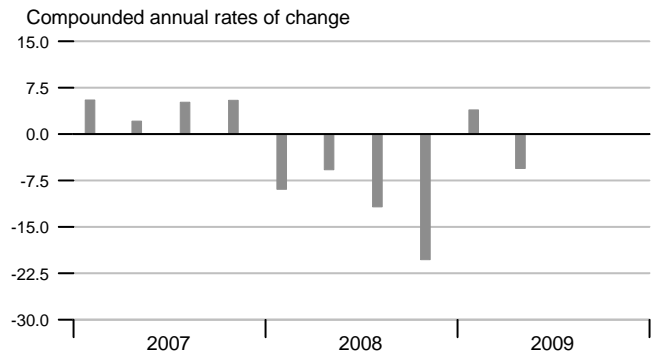
Real Durables Consumption & Vehicle Sales



Consumer Sentiment (U. of Michigan)

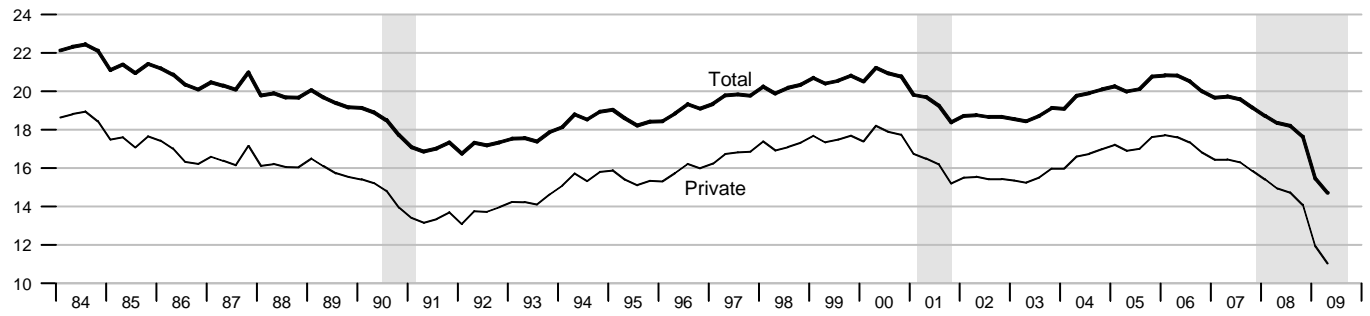


Real Durables Consumption



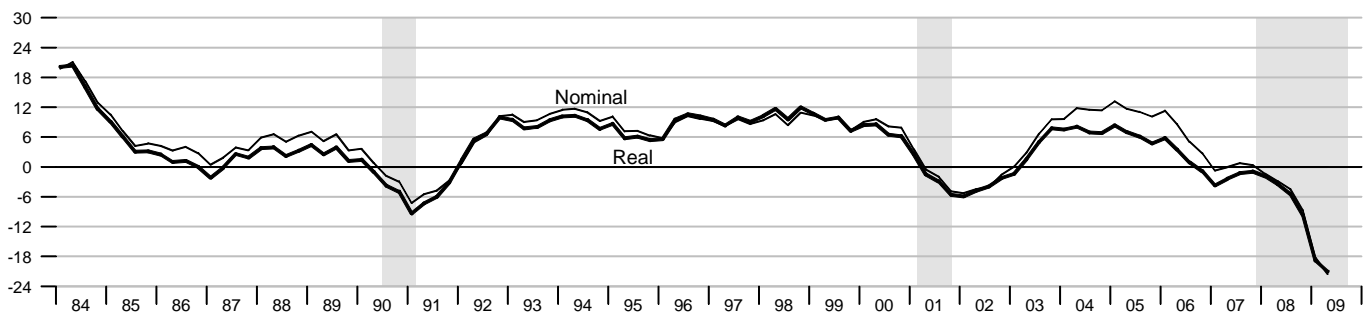
Investment

Percent of nominal GDP



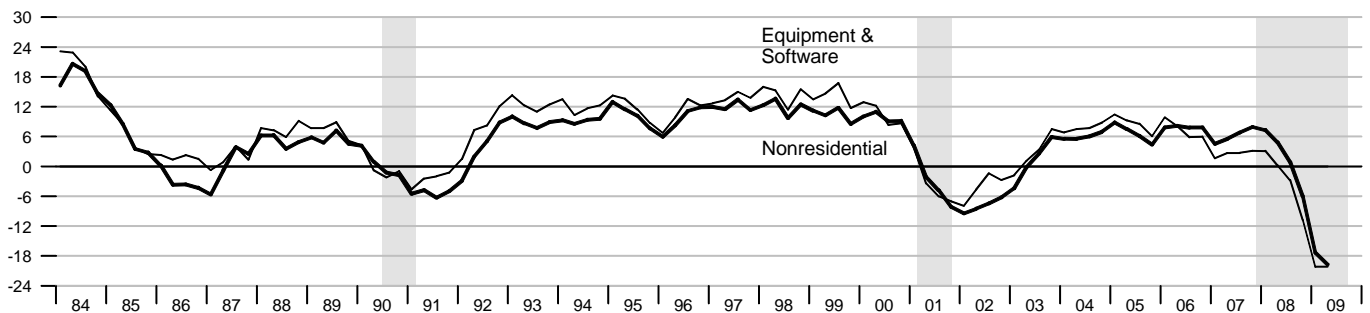
Private Fixed Investment

Percent change from year ago



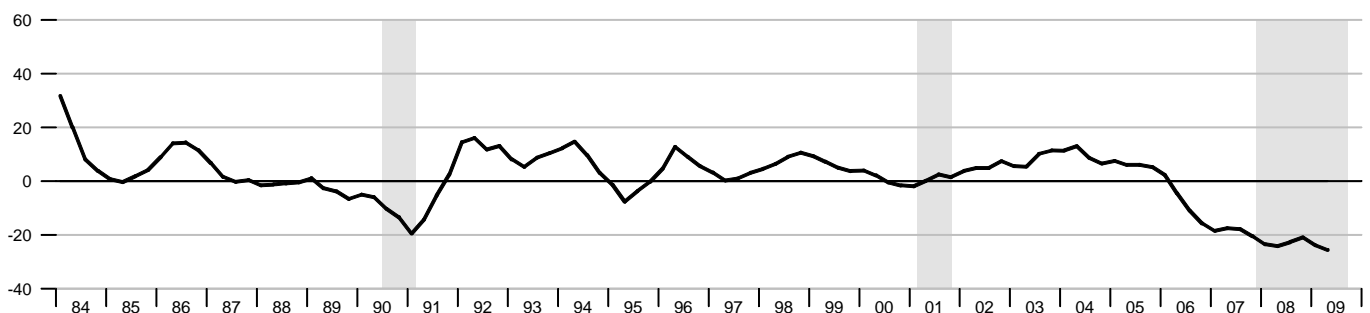
Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

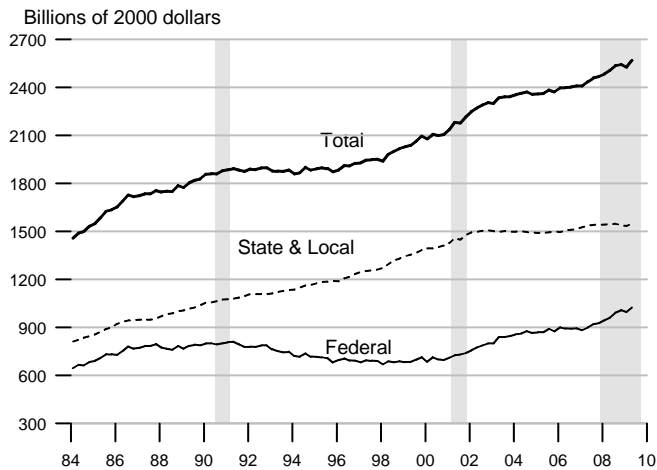


Real Residential Fixed Investment

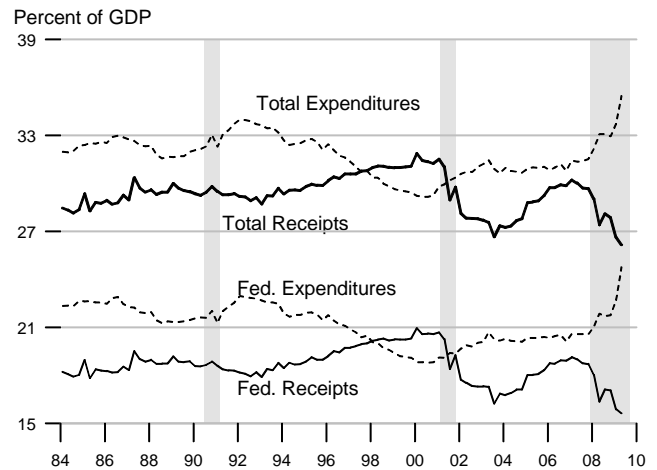
Percent change from year ago



Govt. Consumption and Investment



Govt. Current Receipts and Expenditures



Government Budgets

Billions of dollars

National Income Accounts

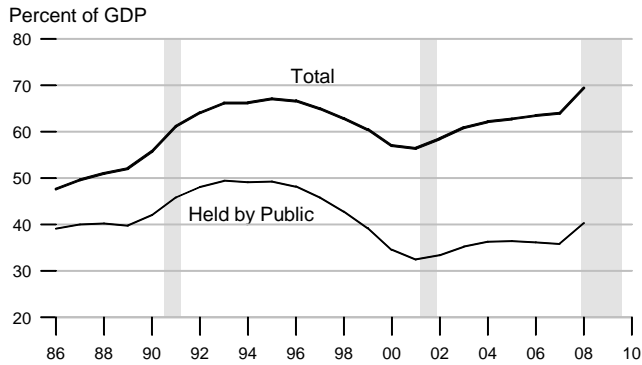
Calendar Years

Unified Budget

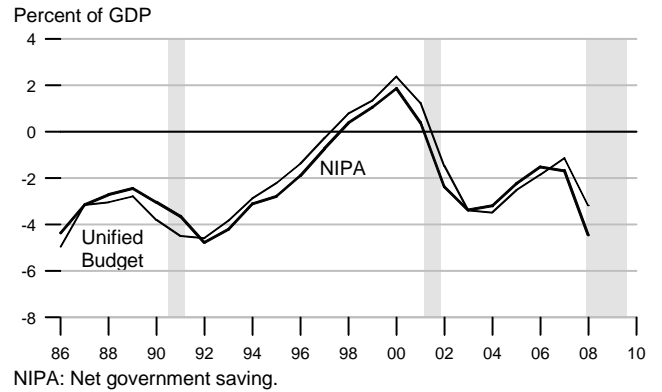
Fiscal Years

	State and Local			Federal			Federal		
	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Outlays	Surplus or Deficit (-)
1996	1045.1	1022.1	23.0	1526.4	1674.7	-148.3	1453.2	1560.6	-107.4
1997	1099.5	1063.2	36.3	1656.2	1716.3	-60.1	1579.4	1601.3	-21.9
1998	1164.5	1117.6	46.9	1777.9	1744.3	33.6	1722.0	1652.7	69.3
1999	1240.4	1198.6	41.8	1895.0	1796.2	98.8	1827.6	1702.0	125.6
2000	1322.6	1281.3	41.3	2057.1	1871.9	185.2	2025.5	1789.2	236.2
2001	1374.0	1389.9	-15.9	2020.3	1979.8	40.5	1991.4	1863.2	128.2
2002	1412.7	1466.8	-54.1	1859.3	2112.1	-252.8	1853.4	2011.2	-157.8
2003	1496.3	1535.1	-38.8	1885.1	2261.5	-376.4	1782.5	2160.1	-377.6
2004	1601.0	1609.3	-8.3	2013.9	2393.4	-379.5	1880.3	2293.0	-412.7
2005	1730.4	1704.5	25.9	2290.1	2573.1	-283.0	2153.9	2472.2	-318.3
2006	1829.7	1778.6	51.1	2524.5	2728.3	-203.8	2407.3	2655.4	-248.2
2007	1927.3	1905.6	21.7	2660.8	2897.2	-236.4	2568.2	2728.9	-160.7
2008	1974.2	2014.4	-40.2	2475.0	3117.6	-642.6	2524.3	2982.9	-458.6
2007Q3	1932.1	1911.7	20.4	2659.9	2918.7	-258.8	622.3	662.9	-40.6
2007Q4	1951.6	1952.9	-1.3	2682.9	2947.9	-265.0	606.2	713.0	-106.8
2008Q1	1963.7	1983.8	-20.1	2590.7	3024.2	-433.5	539.8	745.7	-205.9
2008Q2	1994.2	2019.8	-25.6	2372.1	3169.0	-796.9	787.9	761.0	26.9
2008Q3	1987.5	2046.5	-59.0	2489.5	3155.2	-665.7	589.7	758.7	-168.9
2008Q4	1951.4	2007.5	-56.1	2447.8	3121.9	-674.1	547.4	879.9	-332.5
2009Q1	1961.4	1998.0	-36.6	2251.3	3220.3	-969.0	442.4	891.3	-448.9
2009Q2	1989.3	2013.9	-24.6	2211.4	3505.9	-1295	598.8	903.7	-304.9

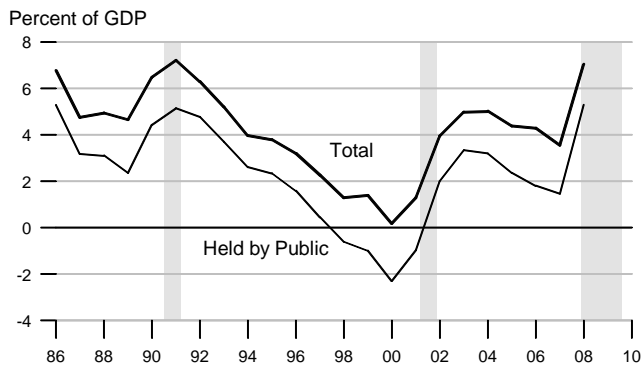
Federal Debt



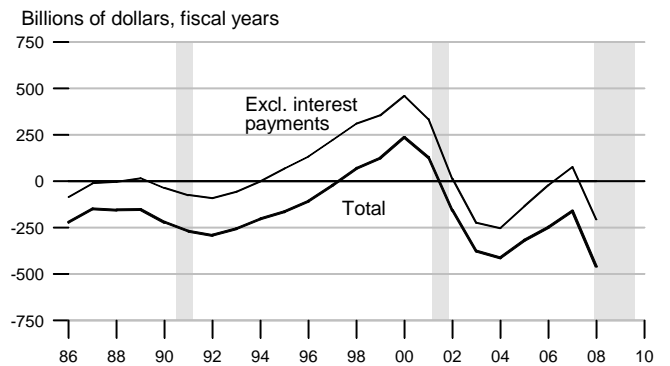
Federal Surplus (+) / Deficit (-)



Change in Federal Debt



Federal Surplus (+) / Deficit (-), Unified Basis

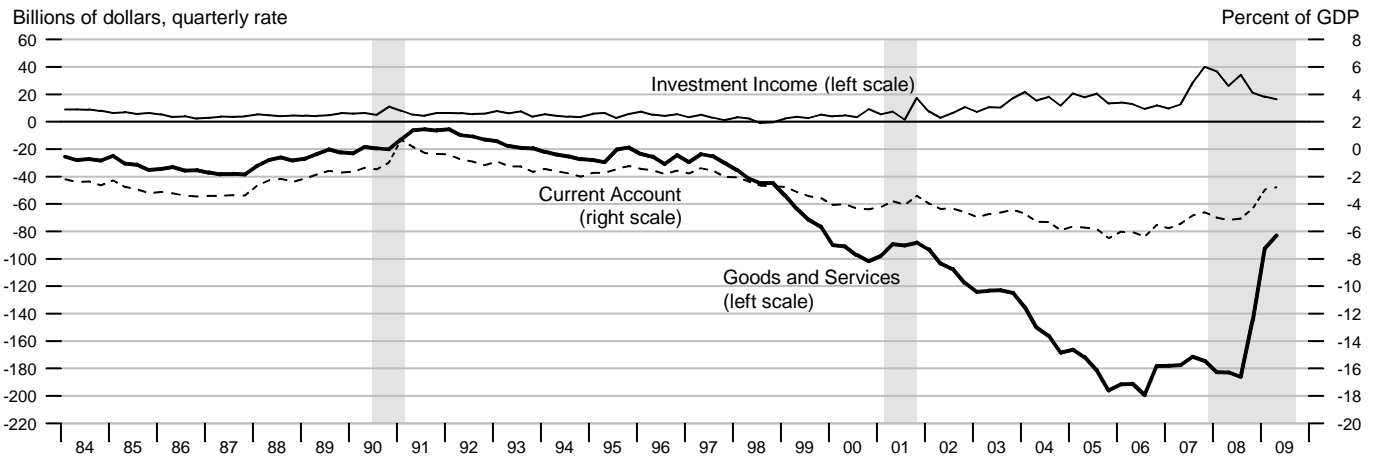


Federal Government Debt

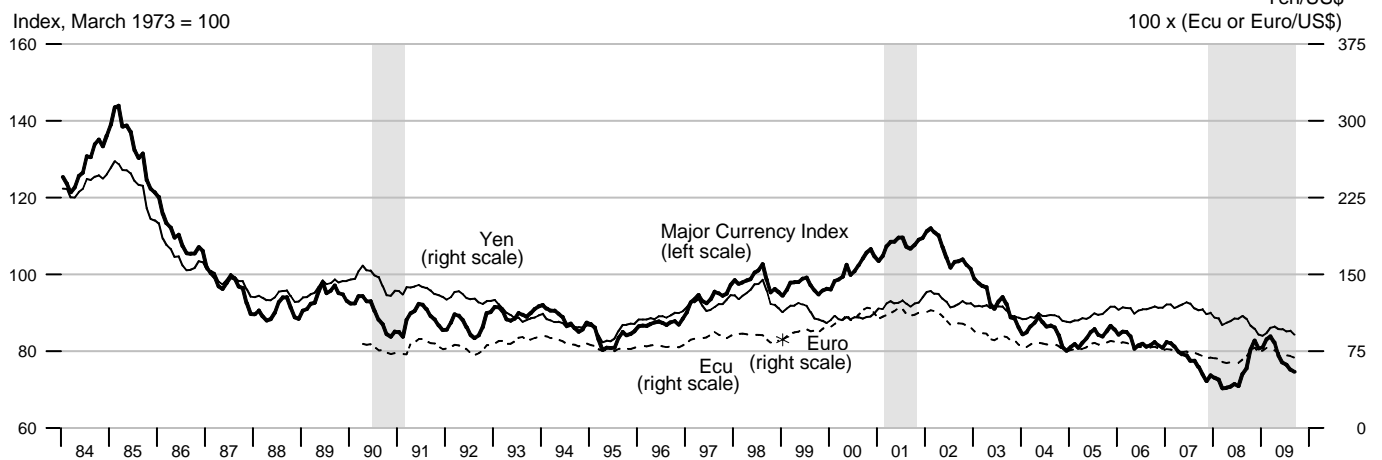
Billions of dollars, end of month or fiscal year
Excludes Agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
2006		8507.0	3663.8	4843.2	768.9	4074.2	2027.3
2007		9007.7	3958.4	5049.2	779.6	4269.7	2237.2
2008		10024.7	4210.5	5814.2	476.6	5332.0	2801.9
2006	March	8371.2	3498.4	4872.8	758.5	4114.0	2084.5
	June	8420.0	3622.6	4797.5	766.4	4030.8	1979.8
	September	8507.0	3663.8	4843.2	768.9	4074.2	2027.3
	December	8680.2	3779.0	4901.2	778.9	4122.1	2105.0
2007	March	8849.7	3795.4	5054.3	780.9	4273.1	2196.7
	June	8867.7	3924.7	4943.0	790.5	4152.6	2193.9
	September	9007.7	3958.4	5049.2	779.6	4269.7	2237.2
	December	9229.2	4092.9	5136.3	740.6	4395.7	2352.9
2008	March	9437.6	4103.6	5334.0	591.2	4742.9	2507.5
	June	9492.0	4207.0	5285.0	478.8	4806.2	2635.3
	September	10024.7	4210.5	5814.2	476.6	5332.0	2801.9
	December	10699.8	4327.2	6372.7	475.9	5893.4	3078.7
2009	March	11126.9	4290.6	6836.3	492.3	6341.7	3267.0

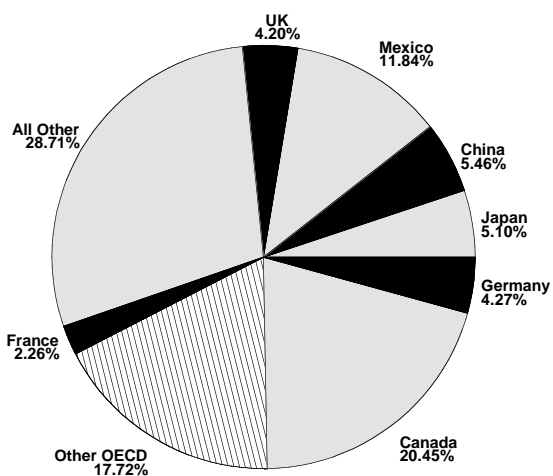
Current Account, Trade and Investment Income Balances



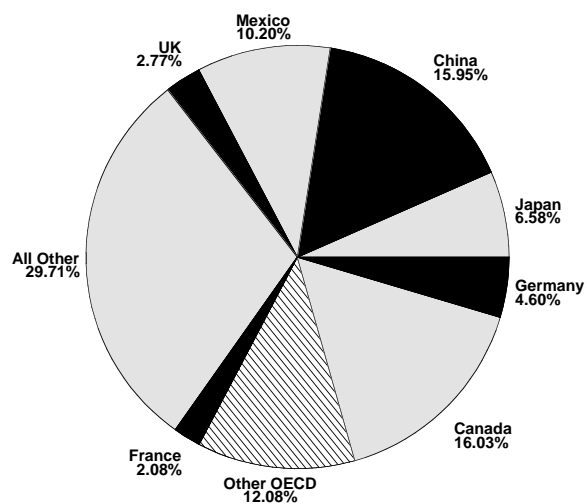
Exchange Rates



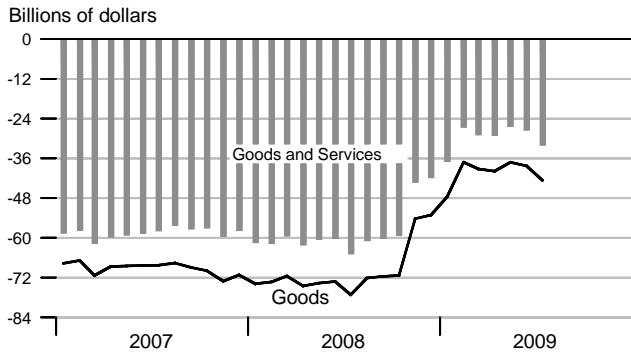
Goods Export Shares, 2008



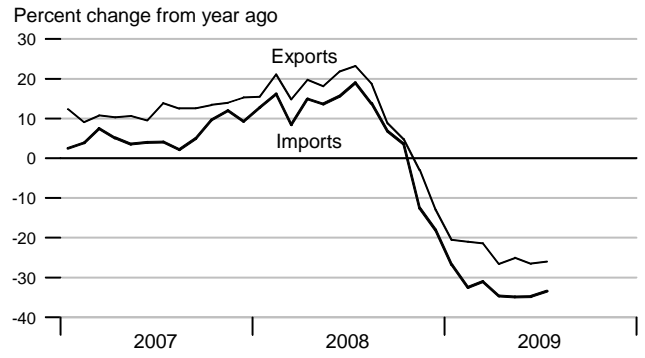
Goods Import Shares, 2008



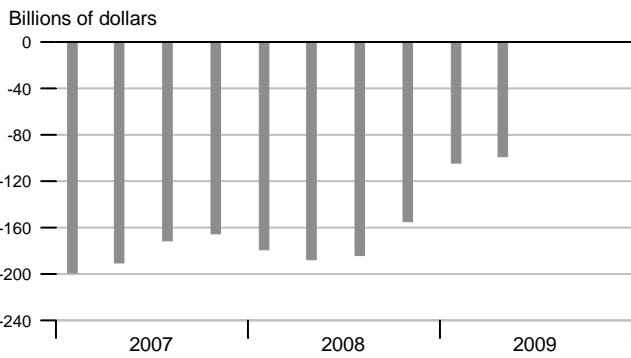
Trade Balance



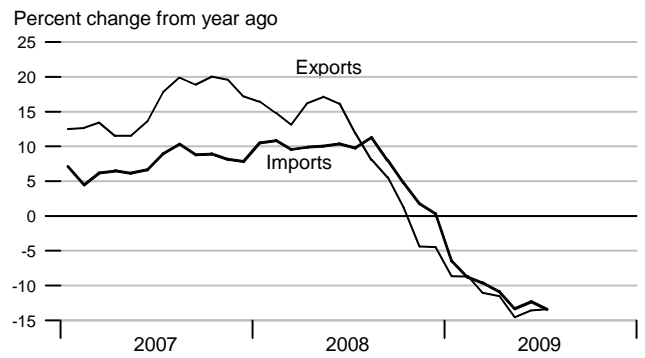
Goods Trade



Current Account Balance

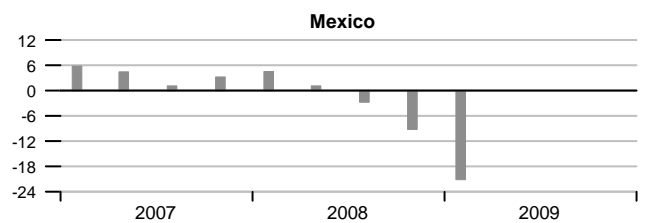
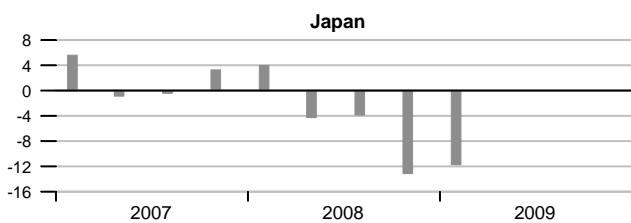
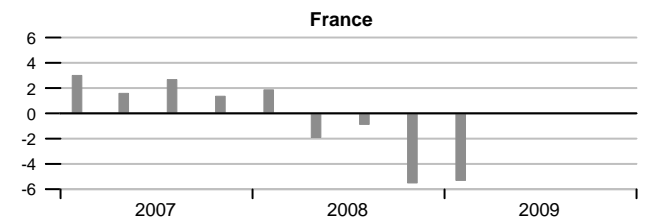
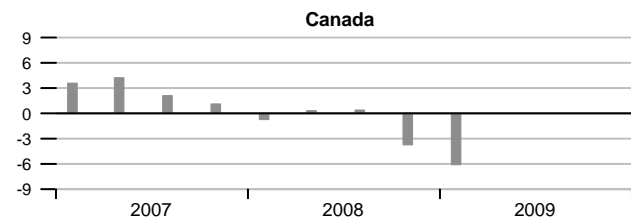
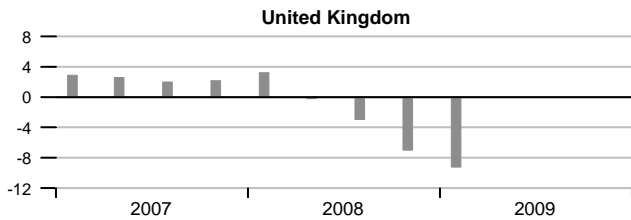


Services Trade

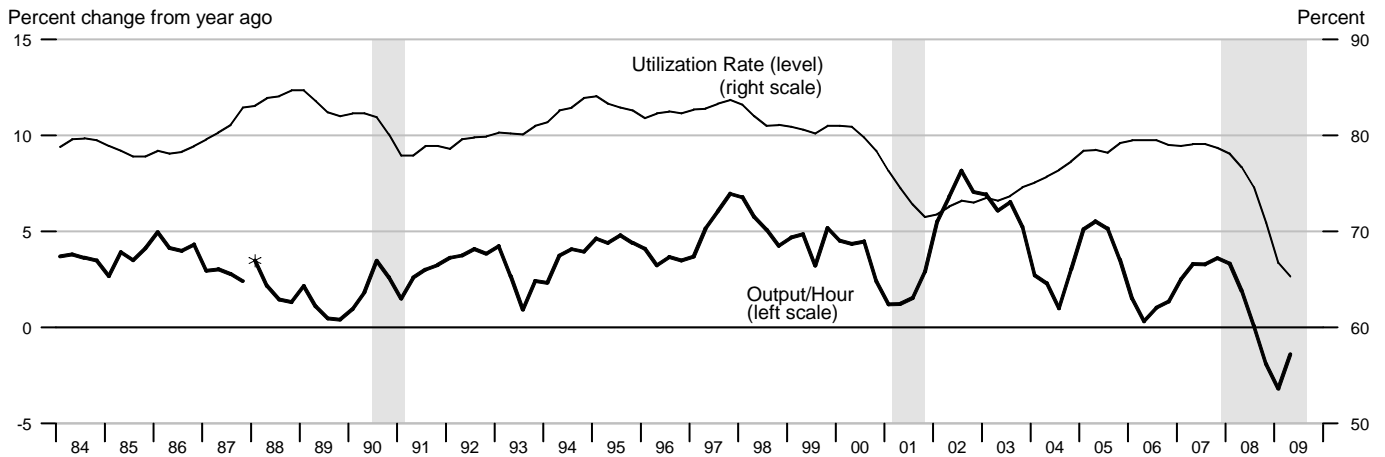


Real GDP Growth of Major Trading Partners

Compounded annual rates of change

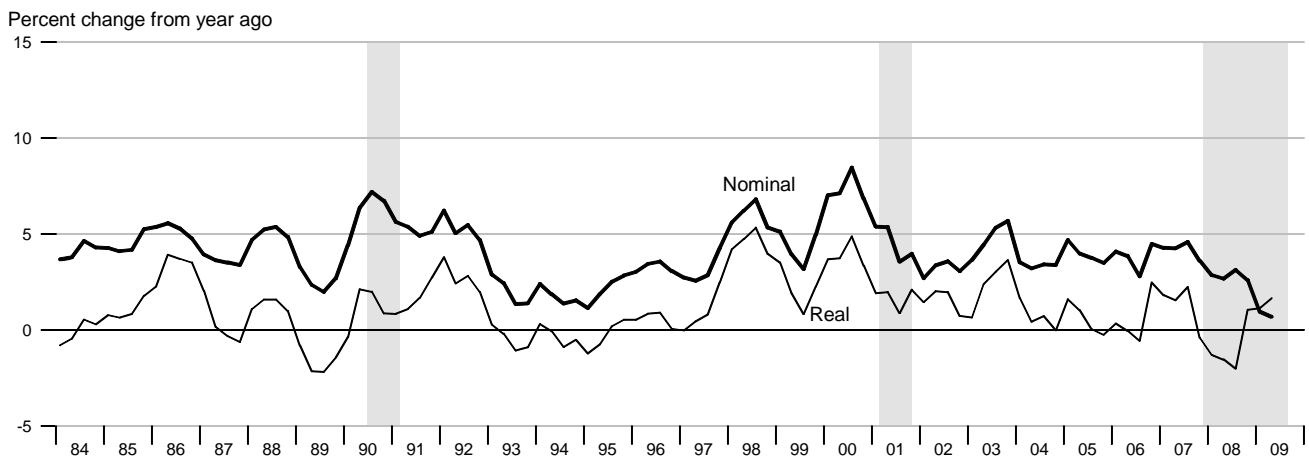


Output per Hour and Capacity Utilization, Manufacturing

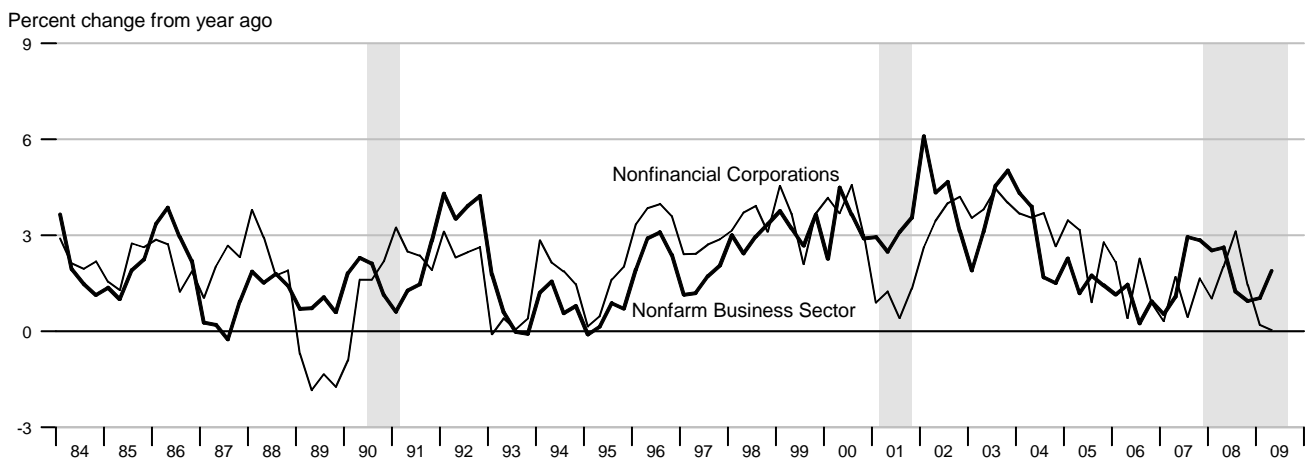


*Data from 1987 to the present are on a NAICS basis; data prior to 1987 are on an SIC basis and are not strictly comparable (see End Note).

Nonfarm Compensation per Hour

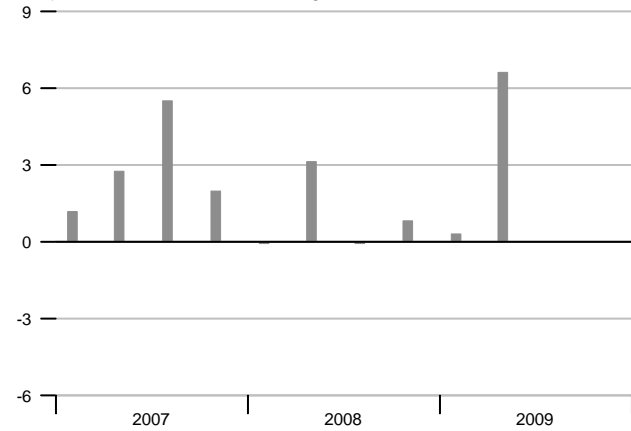


Output per Hour, Nonfarm Business and Nonfinancial Corporations



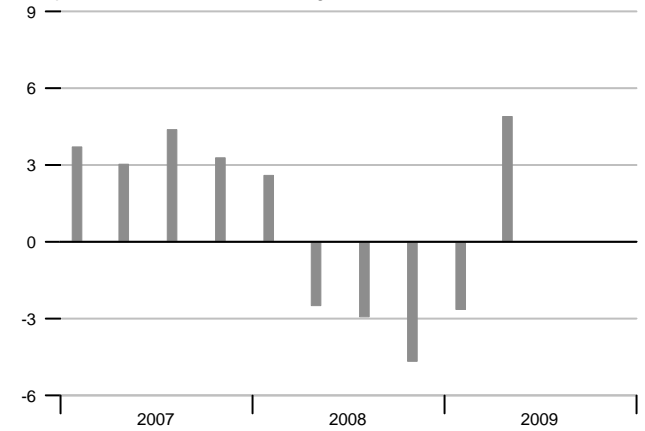
Nonfarm Output per Hour

Compounded annual rates of change

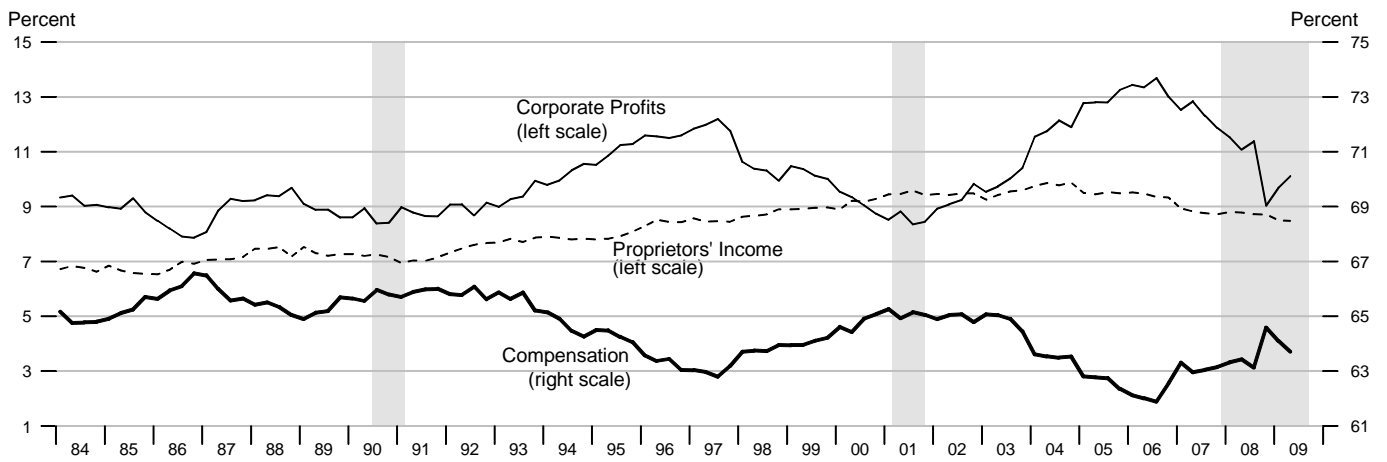


Manufacturing Output per Hour

Compounded annual rates of change

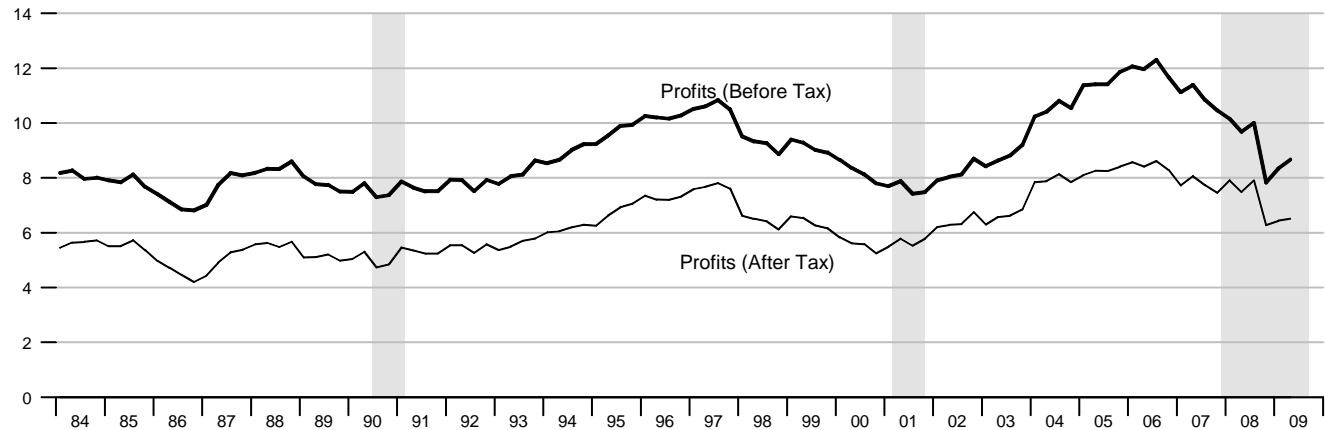


Selected Component Shares of National Income



Corporate Profits

Percent of GDP



	GDP Chain Price Index			Employment Cost Index			ECI: Wages			ECI: Benefits		
	Index	Percent change		Index	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2005	100.000		3.3	99.2		3.1	99.2		2.5	99.2		4.6
2006	103.263		3.3	102.1		2.9	102.1		2.9	102.1		2.9
2007	106.221		2.9	105.2		3.1	105.5		3.4	104.5		2.4
2008	108.481		2.1	108.2		2.8	108.7		3.0	107.2		2.6
2006 1	102.071	3.0	3.3	100.8	2.4	2.6	100.8	2.8	2.5	100.8	2.0	2.9
2	102.980	3.6	3.6	101.6	3.2	2.8	101.6	3.2	2.8	101.6	3.2	2.8
3	103.763	3.1	3.3	102.5	3.6	3.0	102.5	3.6	3.1	102.5	3.6	2.8
4	104.237	1.8	2.9	103.3	3.2	3.1	103.3	3.2	3.2	103.4	3.6	3.1
2007 1	105.327	4.2	3.2	104.0	2.7	3.2	104.3	3.9	3.5	103.1	-1.2	2.3
2	106.026	2.7	3.0	104.8	3.1	3.1	105.0	2.7	3.3	104.2	4.3	2.6
3	106.460	1.6	2.6	105.6	3.1	3.0	105.9	3.5	3.3	104.9	2.7	2.3
4	107.072	2.3	2.7	106.5	3.5	3.1	106.7	3.1	3.3	105.9	3.9	2.4
2008 1	107.577	1.9	2.1	107.2	2.7	3.1	107.6	3.4	3.2	106.5	2.3	3.3
2	108.061	1.8	1.9	107.9	2.6	3.0	108.4	3.0	3.2	106.9	1.5	2.6
3	109.130	4.0	2.5	108.6	2.6	2.8	109.1	2.6	3.0	107.5	2.3	2.5
4	109.155	0.1	1.9	109.1	1.9	2.4	109.6	1.8	2.7	107.9	1.5	1.9
2009 1	109.661	1.9	1.9	109.3	0.7	2.0	109.8	0.7	2.0	108.1	0.7	1.5
2	109.656	-0.0	1.5	109.5	0.7	1.5	110.0	0.7	1.5	108.3	0.7	1.3
	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation per Hour		
	Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2005	1305.057		6.7	2027.790		6.1	136.233		1.7	162.793		4.0
2006	1422.020		9.0	2151.204		6.1	137.520		0.9	168.985		3.8
2007	1546.124		8.7	2193.827		2.0	140.063		1.8	176.041		4.2
2008	1629.262		5.4	2123.523		-3.2	142.611		1.8	180.965		2.8
2006 1	1388.773	16.5	8.8	2121.325	7.8	6.5	137.507	2.8	1.2	167.102	5.5	4.1
2	1412.067	6.9	8.3	2144.880	4.5	6.6	137.702	0.6	1.5	167.980	2.1	3.9
3	1414.069	0.6	8.5	2170.548	4.9	7.2	137.031	-1.9	0.2	168.567	1.4	2.8
4	1473.171	17.8	10.2	2168.061	-0.5	4.1	137.839	2.4	0.9	172.266	9.1	4.5
2007 1	1485.881	3.5	7.0	2190.837	4.3	3.3	138.246	1.2	0.5	174.247	4.7	4.3
2	1504.758	5.2	6.6	2188.125	-0.5	2.0	139.187	2.8	1.1	175.133	2.0	4.3
3	1569.896	18.5	11.0	2208.336	3.7	1.7	141.067	5.5	2.9	176.302	2.7	4.6
4	1623.961	14.5	10.2	2188.007	-3.6	0.9	141.761	2.0	2.8	178.478	5.0	3.6
2008 1	1623.423	-0.1	9.3	2174.293	-2.5	-0.8	141.737	-0.1	2.5	179.222	1.7	2.9
2	1670.431	12.1	11.0	2146.478	-5.0	-1.9	142.834	3.1	2.6	179.813	1.3	2.7
3	1655.183	-3.6	5.4	2134.428	-2.2	-3.3	142.807	-0.1	1.2	181.809	4.5	3.1
4	1568.010	-19.5	-3.4	2038.891	-16.7	-6.8	143.099	0.8	0.9	183.107	2.9	2.6
2009 1	1434.549	-29.9	-11.6	1821.043	-36.4	-16.2	143.209	0.3	1.0	180.921	-4.7	0.9
2	1419.458	-4.1	-15.0	1749.826	-14.7	-18.5	145.524	6.6	1.9	181.053	0.3	0.7

		Household Survey Employment				Nonfarm Payroll Employment				Nonfarm Aggregate Hours			
		Thousands	Change	Percent change		Thousands	Change	Percent change		Index	Percent change		
				Annual rate	Year ago			Annual rate	Year ago		Monthly rate	Annual rate	Year ago
2004		139240	1511		1.1	131419	1423		1.1	100.2			1.6
2005		141714	2474		1.8	133699	2280		1.7	102.7			2.6
2006		144420	2707		1.9	136098	2398		1.8	105.8			3.0
2007		146050	1629		1.1	137604	1507		1.1	107.3			1.4
2008		145368	-681		-0.5	137046	-558		-0.4	106.2			-1.0
2007	1	146081	459	1.3	1.9	137265	498	1.5	1.4	106.8	0.2	0.8	1.8
	2	145873	-208	-0.6	1.3	137557	292	0.9	1.2	107.3	0.4	1.8	1.5
	3	145969	96	0.3	1.0	137595	38	0.1	1.0	107.3	0.0	0.0	1.3
	4	146275	306	0.8	0.4	138000	406	1.2	0.9	107.7	0.4	1.5	1.0
2008	1	146138	-137	-0.4	0.0	137943	-57	-0.2	0.5	107.5	-0.1	-0.5	0.7
	2	145990	-149	-0.4	0.1	137509	-434	-1.3	-0.0	106.9	-0.6	-2.3	-0.3
	3	145299	-690	-1.9	-0.5	137004	-505	-1.5	-0.4	106.1	-0.7	-2.8	-1.1
	4	144046	-1253	-3.4	-1.5	135727	-1277	-3.7	-1.6	104.1	-1.9	-7.4	-3.3
2009	1	141578	-2468	-6.7	-3.1	133662	-2065	-5.9	-3.1	101.7	-2.3	-8.9	-5.4
	2	140591	-987	-2.8	-3.7	132125	-1537	-4.5	-3.9	99.7	-2.0	-7.8	-6.8
2007	Aug	145732	-240	-2.0	0.8	137552	-28	-0.2	0.9	107.2	-0.1	-1.1	1.0
	Sep	146203	471	3.9	1.0	137652	100	0.9	0.9	107.3	0.1	1.1	1.4
	Oct	145867	-336	-2.7	0.4	137817	165	1.4	1.0	107.5	0.2	2.3	1.2
	Nov	146665	798	6.8	0.7	138032	215	1.9	0.9	107.7	0.2	2.3	1.1
	Dec	146294	-371	-3.0	0.2	138152	120	1.0	0.8	107.8	0.1	1.1	0.7
2008	Jan	146317	23	0.2	0.2	138080	-72	-0.6	0.7	107.5	-0.3	-3.3	0.8
	Feb	146075	-242	-2.0	0.1	137936	-144	-1.2	0.5	107.6	0.1	1.1	0.9
	Mar	146023	-52	-0.4	-0.2	137814	-122	-1.1	0.3	107.5	-0.1	-1.1	0.3
	Apr	146257	234	1.9	0.4	137654	-160	-1.4	0.2	107.4	-0.1	-1.1	0.5
	May	145974	-283	-2.3	0.0	137517	-137	-1.2	-0.1	106.9	-0.5	-5.4	-0.5
	Jun	145738	-236	-1.9	-0.2	137356	-161	-1.4	-0.2	106.4	-0.5	-5.5	-1.0
	Jul	145596	-142	-1.2	-0.3	137228	-128	-1.1	-0.3	106.2	-0.2	-2.2	-1.0
	Aug	145273	-323	-2.6	-0.3	137053	-175	-1.5	-0.4	106.4	0.2	2.3	-0.7
	Sep	145029	-244	-2.0	-0.8	136732	-321	-2.8	-0.7	105.8	-0.6	-6.6	-1.4
	Oct	144657	-372	-3.0	-0.8	136352	-380	-3.3	-1.1	105.0	-0.8	-8.7	-2.3
	Nov	144144	-513	-4.2	-1.7	135755	-597	-5.1	-1.6	104.1	-0.9	-9.8	-3.3
	Dec	143338	-806	-6.5	-2.0	135074	-681	-5.9	-2.2	103.2	-0.9	-9.9	-4.3
2009	Jan	142099	-1239	-9.9	-2.9	134333	-741	-6.4	-2.7	102.5	-0.7	-7.8	-4.7
	Feb	141748	-351	-2.9	-3.0	133652	-681	-5.9	-3.1	101.9	-0.6	-6.8	-5.3
	Mar	140887	-861	-7.1	-3.5	133000	-652	-5.7	-3.5	100.7	-1.2	-13.3	-6.3
	Apr	141007	120	1.0	-3.6	132481	-519	-4.6	-3.8	100.1	-0.6	-6.9	-6.8
	May	140570	-437	-3.7	-3.7	132178	-303	-2.7	-3.9	99.8	-0.3	-3.5	-6.6
	Jun	140196	-374	-3.1	-3.8	131715	-463	-4.1	-4.1	99.1	-0.7	-8.1	-6.9
	Jul	140041	-155	-1.3	-3.8	131439	-276	-2.5	-4.2	99.2	0.1	1.2	-6.6
	Aug	139649	-392	-3.3	-3.9	131223	-216	-2.0	-4.3	98.9	-0.3	-3.6	-7.0

	Unempl. Rate	Retail and Food Services Sales				Industrial Production				Treasury Yields	
		Billions of dollars	Percent change			Index	Percent change			(Percent)	
			Monthly/ quarterly	Annual rate	Year ago		Monthly/ quarterly	Annual rate	Year ago	3-mo	10-yr
2004	5.5	3833.094			6.1	103.8293			2.5	1.37	4.27
2005	5.1	4078.223			6.4	107.2289			3.3	3.15	4.29
2006	4.6	4294.467			5.3	109.6790			2.3	4.73	4.79
2007	4.6	4435.842			3.3	111.3193			1.5	4.35	4.63
2008	5.8	4403.947			-0.7	108.8185			-2.2	1.37	3.67
2007	1	1095.943	1.3	5.2	2.6	110.4694	0.5	1.8	1.3	4.98	4.68
	2	1101.816	0.5	2.2	3.0	111.1307	0.6	2.4	1.4	4.74	4.85
	3	1108.003	0.6	2.3	3.1	111.7206	0.5	2.1	1.4	4.30	4.73
	4	1130.080	2.0	8.2	4.4	111.9566	0.2	0.8	1.8	3.39	4.26
2008	1	1124.247	-0.5	-2.0	2.6	112.0106	0.0	0.2	1.4	2.04	3.66
	2	1128.726	0.4	1.6	2.4	110.7109	-1.2	-4.6	-0.4	1.63	3.89
	3	1111.792	-1.5	-5.9	0.3	108.1232	-2.3	-9.0	-3.2	1.49	3.86
	4	1039.182	-6.5	-23.7	-8.0	104.4294	-3.4	-13.0	-6.7	0.30	3.25
2009	1	1024.683	-1.4	-5.5	-8.9	99.0679	-5.1	-19.0	-11.6	0.21	2.74
	2	1021.129	-0.3	-1.4	-9.5	96.3564	-2.7	-10.5	-13.0	0.17	3.31
	3									0.16	3.52
2007	Sep	372.006	1.0	12.8	4.2	112.0071	0.4	4.3	1.8	3.89	4.52
	Oct	373.893	0.5	6.3	4.5	111.4196	-0.5	-6.1	1.5	3.90	4.53
	Nov	379.767	1.6	20.6	5.6	112.0541	0.6	7.1	2.3	3.27	4.15
	Dec	376.420	-0.9	-10.1	3.3	112.3962	0.3	3.7	1.7	3.00	4.10
2008	Jan	376.262	-0.0	-0.5	3.6	112.3389	-0.1	-0.6	2.2	2.75	3.74
	Feb	373.140	-0.8	-9.5	2.4	112.0435	-0.3	-3.1	1.1	2.12	3.74
	Mar	374.845	0.5	5.6	1.8	111.6495	-0.4	-4.1	0.9	1.26	3.51
	Apr	376.009	0.3	3.8	2.8	111.0012	-0.6	-6.7	-0.0	1.29	3.68
	May	376.662	0.2	2.1	1.8	110.6820	-0.3	-3.4	-0.4	1.73	3.88
	Jun	376.055	-0.2	-1.9	2.7	110.4494	-0.2	-2.5	-0.7	1.86	4.10
	Jul	374.103	-0.5	-6.1	1.7	110.3760	-0.1	-0.8	-1.0	1.63	4.01
	Aug	371.134	-0.8	-9.1	0.8	109.1570	-1.1	-12.5	-2.2	1.72	3.89
	Sep	366.555	-1.2	-13.8	-1.5	104.8367	-4.0	-38.4	-6.4	1.13	3.69
	Oct	355.037	-3.1	-31.8	-5.0	106.1626	1.3	16.3	-4.7	0.67	3.81
	Nov	347.707	-2.1	-22.1	-8.4	104.7607	-1.3	-14.7	-6.5	0.19	3.53
	Dec	336.438	-3.2	-32.7	-10.6	102.3650	-2.3	-24.2	-8.9	0.03	2.42
2009	Jan	342.017	1.7	21.8	-9.1	100.1154	-2.2	-23.4	-10.9	0.13	2.52
	Feb	343.438	0.4	5.1	-8.0	99.3397	-0.8	-8.9	-11.3	0.30	2.87
	Mar	339.228	-1.2	-13.8	-9.5	97.7486	-1.6	-17.6	-12.5	0.21	2.82
	Apr	338.344	-0.3	-3.1	-10.0	97.1751	-0.6	-6.8	-12.5	0.16	2.93
	May	339.873	0.5	5.6	-9.8	96.1207	-1.1	-12.3	-13.2	0.18	3.29
	Jun	342.912	0.9	11.3	-8.8	95.7734	-0.4	-4.3	-13.3	0.18	3.72
	Jul	342.280	-0.2	-2.2	-8.5	96.6893	1.0	12.1	-12.4	0.18	3.56
	Aug	351.418	2.7	37.2	-5.3	97.4422	0.8	9.8	-10.7	0.17	3.59
	Sep									0.12	3.40

		Consumer Price Index					Consumer Price Index less Food and Energy					Producer Price Index Finished Goods			
		Percent change					Percent change					Percent change			
		Index	Monthly/ quarterly	Annual rate	Year ago	Year to date	Index	Monthly/ quarterly	Annual rate	Year ago	Year to date	Index	Monthly/ quarterly	Annual rate	Year ago
2004		188.908			2.7		196.642			1.8		148.5			3.6
2005		195.292			3.4		200.883			2.2		155.8			4.9
2006		201.583			3.2		205.933			2.5		160.3			2.9
2007		207.348			2.9		210.730			2.3		166.6			3.9
2008		215.224			3.8		215.570			2.3		177.3			6.4
2007	1	204.426	1.0	3.9	2.4	3.9	208.993	0.6	2.3	2.6	2.3	162.6	1.6	6.4	1.9
	2	206.542	1.0	4.2	2.6	4.0	210.097	0.5	2.1	2.3	2.2	166.0	2.0	8.5	3.4
	3	207.747	0.6	2.4	2.3	3.5	211.204	0.5	2.1	2.1	2.2	166.9	0.6	2.4	3.6
	4	210.679	1.4	5.8	4.0	4.0	212.627	0.7	2.7	2.3	2.3	171.0	2.4	10.1	6.8
2008	1	213.007	1.1	4.5	4.2	4.5	213.942	0.6	2.5	2.4	2.5	174.4	2.0	8.1	7.2
	2	215.358	1.1	4.5	4.3	4.5	215.007	0.5	2.0	2.3	2.3	178.5	2.4	9.9	7.6
	3	218.620	1.5	6.2	5.2	5.1	216.493	0.7	2.8	2.5	2.4	182.7	2.4	9.7	9.5
	4	213.910	-2.2	-8.3	1.5	1.5	216.836	0.2	0.6	2.0	2.0	173.4	-5.1	-19.0	1.4
2009	1	212.632	-0.6	-2.4	-0.2	-2.4	217.659	0.4	1.5	1.7	1.5	170.6	-1.6	-6.2	-2.2
	2	213.335	0.3	1.3	-0.9	-0.5	218.949	0.6	2.4	1.8	2.0	171.2	0.4	1.4	-4.1
2007	Aug	207.520	0.1	1.1	1.9	3.1	211.159	0.1	1.7	2.1	2.2	166.2	-0.6	-6.9	2.4
	Sep	208.382	0.4	5.1	2.8	3.3	211.587	0.2	2.5	2.1	2.2	167.4	0.7	9.0	4.5
	Oct	209.133	0.4	4.4	3.6	3.5	212.070	0.2	2.8	2.2	2.3	168.6	0.7	8.9	6.3
	Nov	211.166	1.0	12.3	4.4	4.2	212.644	0.3	3.3	2.3	2.4	172.6	2.4	32.5	7.6
	Dec	211.737	0.3	3.3	4.2	4.2	213.166	0.2	3.0	2.4	2.4	171.8	-0.5	-5.4	6.4
2008	Jan	212.495	0.4	4.4	4.4	4.4	213.714	0.3	3.1	2.5	3.1	173.4	0.9	11.8	7.8
	Feb	212.860	0.2	2.1	4.2	3.2	213.859	0.1	0.8	2.3	2.0	174.1	0.4	5.0	6.9
	Mar	213.667	0.4	4.6	4.1	3.7	214.252	0.2	2.2	2.4	2.1	175.6	0.9	10.8	6.9
	Apr	213.997	0.2	1.9	3.9	3.2	214.496	0.1	1.4	2.3	1.9	176.0	0.2	2.8	6.4
	May	215.044	0.5	6.0	4.0	3.8	214.950	0.2	2.6	2.3	2.0	178.6	1.5	19.2	7.3
	Jun	217.034	0.9	11.7	4.8	5.1	215.575	0.3	3.5	2.4	2.3	181.0	1.3	17.4	9.0
	Jul	218.610	0.7	9.1	5.4	5.6	216.162	0.3	3.3	2.5	2.4	183.4	1.3	17.1	9.7
	Aug	218.576	-0.0	-0.2	5.3	4.9	216.534	0.2	2.1	2.5	2.4	182.5	-0.5	-5.7	9.8
	Sep	218.675	0.0	0.5	4.9	4.4	216.784	0.1	1.4	2.5	2.3	182.3	-0.1	-1.3	8.9
	Oct	216.889	-0.8	-9.4	3.7	2.9	216.758	-0.0	-0.1	2.2	2.0	177.6	-2.6	-26.9	5.3
	Nov	213.263	-1.7	-18.3	1.0	0.8	216.868	0.1	0.6	2.0	1.9	172.8	-2.7	-28.0	0.1
	Dec	211.577	-0.8	-9.1	-0.1	-0.1	216.882	0.0	0.1	1.7	1.7	169.7	-1.8	-19.5	-1.2
2009	Jan	212.174	0.3	3.4	-0.2	3.4	217.265	0.2	2.1	1.7	2.1	171.2	0.9	11.1	-1.3
	Feb	213.007	0.4	4.8	0.1	4.1	217.670	0.2	2.3	1.8	2.2	171.1	-0.1	-0.7	-1.7
	Mar	212.714	-0.1	-1.6	-0.4	2.2	218.042	0.2	2.1	1.8	2.2	169.5	-0.9	-10.7	-3.5
	Apr	212.671	-0.0	-0.2	-0.6	1.6	218.594	0.3	3.1	1.9	2.4	170.2	0.4	5.1	-3.3
	May	212.876	0.1	1.2	-1.0	1.5	218.910	0.1	1.7	1.8	2.3	170.2	0.0	0.0	-4.7
	Jun	214.459	0.7	9.3	-1.2	2.7	219.344	0.2	2.4	1.7	2.3	173.2	1.8	23.3	-4.3
	Jul	214.469	0.0	0.1	-1.9	2.4	219.543	0.1	1.1	1.6	2.1	171.7	-0.9	-9.9	-6.4
	Aug	215.428	0.4	5.5	-1.4	2.7	219.692	0.1	0.8	1.5	1.9	174.7	1.7	23.1	-4.3

Notes

Pages 4, 5: **Final Sales** is gross domestic product (GDP) minus change in private inventories. **Advance, Preliminary, and Final GDP Growth Rates** are released during the first, second, and third months of the following quarter. Changes result from incorporation of more complete information. Real GDP is measured in 2005 dollars. The **ISM** (formerly Purchasing Managers') **Index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. **Aggregate and Average Weekly Hours** are paid hours of production and nonsupervisory employees. The **Inventory-Sales Ratio** uses nominal (current-dollar) inventory and sales data.

Page 6: For information on how to calculate the **Contribution** of a component to the overall GDP growth rate, see the October 1999 issue of the Survey of Current Business, p. 16. The sign is changed for **Imports**.

Page 7: Ten-year **Treasury Yields** are adjusted to constant maturity; three-month yields are secondary market averages. All rates used in the yield curves are adjusted to constant maturity. **Standard and Poor's 500 Index with Reinvested Dividends** shows the total return: capital gains plus dividends.

Pages 8, 9: **Oil** (West Texas intermediate) and **Natural Gas** (Henry Hub) spot and futures **prices** are listed in the *Wall Street Journal*. Spot prices are monthly averages of daily prices; futures prices are usually taken from the last trading day of the month. **Consumer Price Index** is for all urban consumers. The **Consumption Chain Price Index** is the index associated with the personal consumption expenditures component of GDP. The **Employment Cost Index (ECI)** covers private nonfarm employers. **ECI Compensation** refers to a fixed sample of jobs, while **Compensation per Hour** covers all workers in the nonfarm business sector in a given quarter. In both cases, compensation is wages and salaries plus benefits.

Pages 10, 11: Effective with the January 2008 **Employment Situation**, the establishment survey data for employment, hours, and earnings have been converted from the 2002 NAICS system to the 2007 NAICS system. For more information see <http://www.bls.gov/ces/>. **Nonfarm Payroll Employment** is counted in a survey of about 400,000 establishments (Current Employment Statistics). It excludes self-employed individuals and workers in private households, but double-counts individuals with more than one job. The **Household Survey** (Current Population Survey) of about 60,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. The 90 percent confidence intervals for the unemployment rate (± 0.2 percentage points) and change in household survey employment ($\pm 430,000$) measure uncertainty due to sample size. Because the household survey was changed in January 1994, data prior to this date are not strictly comparable. The Bureau of Labor Statistics announced several revisions to the Household Survey on Feb. 7, 2003, with the release of the January 2003 data. For more information, see www.bls.gov/cps/. The **Job Openings rate** is the number of job openings on the last business day of the month as a percent of total employment plus job openings.

Page 13: The **Michigan Consumer Sentiment Index** shows changes in a summary measure of consumers' answers to five questions about their current and expected financial situation, expectations about future economic conditions, and attitudes about making large purchases. The survey is based on a representative sample of U.S. households.

Page 15: **Gross Private Saving** is the sum of personal saving, undistributed corporate profits with IVA and CCAj (see notes for pp. 18-19), and private wage accruals less disbursements. **Gross Government Saving** is net government saving (surplus/deficit) plus consumption of fixed capital. **Balance on Current Account (NIPA)** is net capital transfer payments to the rest of the world plus net lending or net borrowing (international trade and income flows).

Pages 16, 17: **Government Consumption and Investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the NIPAs. The **Unified Federal Budget Surplus/Deficit** differs from **NIPA Basis** in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories; and (4) various timing issues are handled differently. **Outlays and Receipts** are from the NIPAs, except as noted. Since 1977, the federal **Fiscal Year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal Debt Held by the Public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

Pages 18, 19: The **Trade Balance** (shown on a balance of payments basis) is the difference between exports and imports of goods (merchandise) and services. It is nearly identical in concept to the **Net Exports** component of GDP, but differs slightly in accounting details. The **Investment Income Balance** equals income received from U.S.-owned assets in other countries minus income paid on foreign-owned assets in the U.S. The investment income balance is nearly identical in concept to the difference between gross national product and gross domestic product, but differs in accounting details. The **Current Account Balance** is the trade balance plus the balance on investment income plus net unilateral transfers to the U.S. from other countries.

Pages 20, 21: **Output per Hour (Y/H)**, **Unit Labor Cost (C/Y)**, and **Compensation per Hour (C/H)** are indexes which approximately obey the following relationship: $\%(Y/H) + \%(C/Y) = \%(C/H)$ with $\%()$ meaning percent changes. Unit labor cost is shown on page 9. **Real Compensation per Hour** uses the CPI to adjust for the effects of inflation. Nonfarm business accounted for about 77 percent of the value of GDP in 2000, while nonfinancial corporations accounted for about 54 percent. **Inventory Valuation Adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital Consumption Adjustments (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

Sources

Bureau of Economic Analysis (BEA), U.S. Dept. of Commerce

National income and product accounts, international trade and investment data (except by country), auto and light truck sales.

Census Bureau, U.S. Dept. of Commerce

Inventory-sales ratios, retail sales, capital goods orders, housing starts, exports and imports by country.

Bureau of Labor Statistics (BLS), U.S. Dept. of Labor

All employment-related data, employment cost index, consumer and producer price indexes, unit labor cost, output per hour, compensation per hour, multifactor productivity.

United States Department of Treasury

Unified budget receipts, outlays, deficit, debt.

Federal Reserve Board

Index of industrial production, treasury yields, exchange rates, capacity utilization, household debt.

The Survey Research Center, The University of Michigan

Consumer sentiment index.

Organization for Economic Cooperation and Development (OECD)

GDP for major trading partners (not available on FRED).